

1 STATE OF TENNESSEE
2 TENNESSEE EMERGENCY COMMUNICATIONS BOARD
3 DEPARTMENT OF COMMERCE AND INSURANCE
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9 BOARD MEETING
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11 September 10, 2004
12 Transcript of Proceedings
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22 Cannon & Stacy
23 Court Reporters
24 Denise Harwood-Stacy
25 117 Arrowhead Drive
Hendersonville, Tennessee 37075
(615)822-9382

1 BOARD MEMBERS PRESENT

2 Mr. Randy Porter, Chair
Ms. Wanda Moody, Vice Chair
3 Mr. Charles Bilbrey, Member
Mr. Ike Lowery, Member
4 Mr. Freddie Rich, Member
Mr. David W. Purkey, Member
5 Mr. Tom Beehan, Member

6

7 BOARD MEMBERS NOT PRESENT

8 Mr. Johnny Vickers, Member
Ms. Katrina Cobb, Member

9

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STAFF MEMBERS PRESENT

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Mr. Anthony Haynes, Executive Director
12 Mr. J. Don Johnson, Auditor
Ms. Lynn Questell, General Counsel

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1 CHAIR PORTER: We'll call the meeting to
2 order. This is the September 10th, 2004, meeting of the Tennessee
3 Emergency Communications Board. Welcome to everyone. It's good
4 to see everybody in the audience.

5 Let the record show that we have all members
6 present except for Johnny Vickers and Katrina Cobb. Katrina had a
7 water line break in her house, an upstairs water line. And Johnny
has
8 some things going on at work. But we do have a quorum.

9 The first thing I would like to do, if it
pleases the
10 board is to, we're within a day of our 9/11 tragedy that happened
three
11 years ago. There was a lot of folks that lost their lives, not
only the
12 people in the towers but a lot of our emergency personnel, fire
13 fighters, policemen, and paramedics. If we would, if we could just
start
14 out the meeting and have a few moments of silence and prayer and
15 then we'll start the board meeting.

16 (Moment of silence.)

17 CHAIR PORTER: Okay. First item on the
18 agenda this morning is our report from our executive director.
19 Anthony?

20 MR. HAYNES: First of all, I'd like to thank
staff
21 for pulling together this meeting. As the board members know, our
22 former administrative assistant, TJ Revis, accepted a position
with
23 the Department of Human Services in Clarksville. TJ was very happy

the 24 about that, and we're very happy for her. She scored very high on
25 test. She now has a two-mile commute instead of a 45-minute

1 commute from Clarksville to Nashville. It's a great opportunity
for her,
2 an opportunity for advancement, which, unfortunately, with our size
3 she was already at the top of where she could be with us. An
4 excellent opportunity for her professionally as well as personally,
and
5 we wish her the best and we thank her for the contributions of her
6 work with this board and the 911 district.

7 First of all, Mr. Chairman, I'd like to give you
a
8 report on Phase II implementation in terms of PSAP readiness. We
9 only have two counties that are off line with E-911 service. Those
are
10 Grundy and Sequatchie. I spoke with Don Hutchinson last night and
11 they are awaiting implementation of the NCIC system. It's not on
their
12 time line, it's actually on the state's time line with TBI. So
they're
13 working as hard as they can. But I'm really proud of the work that
14 Don, as well as the mayor down there has done in Grundy County.

15 And Sequatchie had a few setbacks. We met
16 with the new director, Mike Twitty, early this - excuse me, back in
17 August and had a very good meetings with him. They've had a few
18 setbacks in terms of their facilities. He, as well as the chairman
of the
19 board are trying to come up with a location that they would
possibly
20 have for a PSAP and get things moving in Sequatchie County.

21 The Hancock County situation, we are
22 preparing to take it to the FCC. Mr. Chairman, as you may recall,

I

23 reported to the board that the deputy chief of the Wireline and
24 Communication Bureau of the FCC had told us that, basically, if
25 BellSouth were willing to request a regulatory waiver for the
Hancock

1 County situation that they would be willing to grant it. They
2 understood the situation and it made no sense to them why we
3 couldn't work something out as apposed to BellSouth's proposal.

4 BellSouth declined to work with us on that, so
5 Lynn Questell is drafting up a petition to request the FCC to
intervene
6 and inform the Board of BellSouth to work with us on the matter
that
7 makes sense not only from an economic standpoint but from a public
8 safety standpoint, 65 lines served by Virginia -- by Scott County
9 Telephone Co-Op in Virginia.

10 I would also like to point out, Mr. Chairman,
11 that the board, with the permission and blessing of the Department
of
12 Commerce, is entering into a very limited, narrow scope contract --
13 5,000 -- a maximum liability of 5,000, we don't expect it to go
near
14 that, to hire Rex Holloway to kind of finish up that work.

15 As you may recall, Rex, had a number of
16 meetings and spent a good year or more on this project. And a lot
of
17 stuff is just in Rex's head, who he talked to, what's going on, the
18 conversations that took place. And so he is going to be hired just
19 exclusively to help Lynn draft the filing to the FCC, and for that
20 purpose only, to provide information. So I would like to go ahead
and
21 point that out for the board.

22 I think that contract right now is with the
23 Department, if I'm not mistaken.

24

MS. QUESTELL: I think so.

25

MR. HAYNES: The carrier status, I don't have

1 a very detailed report on that this morning, Mr. Chairman. The
staff

2 will be reviewing the second quarterly reports of the wireless
carriers

3 in terms of their deployment. My guess is it's not going to
deviate very

4 far from earlier, now that we have a number of other 911 districts
that

5 are on line that were not when we did our initial search, that may

6 change very slightly. But a lot the districts where we were not on
line

7 with the service, there was not a heavy presence of wireless
towers.

8 So there won't be a great deviation from what you were originally

9 given.

10 I would also like to bring up the point this
11 morning, Mr. Chairman, of the federal E-911 legislation, it's got
some

12 problems. We are -- of course, it's getting to the last few days,

13 literally, of this congress, and there's been a number of
discussion

14 going back and forth between Senator Burns and Clinton's staff and

15 the senate, as well as the house sponsors. There are some

16 compromises taking place. Senator Burns wanted a very hefty bill
on

17 the grant side. He wanted \$500 million authorization per year for
five

18 years for first time grants to local PSAPs. The house bill did not
want

19 to adopt a price tag that high. They wanted one 100 million.

20 The compromising, we hear, is something like

II

21 250 million a year for over five years. But it will be for Phase

22 implementations only. Which that's great if you're from Montana

23 where the senator is from. It is not good for the State of
Tennessee if

24 you're wanting some of those grants.

25 So we are working through Senator Frisk in

1 Alexander's office. We expect some sort of movement. Possibly
2 there will be legislative recommendations coming from the 911
3 commission report in Washington that dealt with the tragedies
related
4 to September the 11th. That might be a vehicle that federal
legislation
5 could move or it could very well be a free standing bill. Either
way, if
6 we don't have some kind of luck here in these last days of this
session
7 of congress, Tennessee may very well fall out of consideration for
any
8 federal grants from this legislation.

9 We will continue our efforts, Mr. Chairman, and
10 work with our friends in Washington, with NENA, APCO, as well as
11 other entities, the E-911 Institute, to try to make sure that this
does not
12 happen.

13 I would like to bring up -- I mentioned a little
bit
14 about personnel actions, TJ Revis moving on to a better opportunity
15 for her, and then also I need to bring up at this meeting that we
have a
16 new department personnel now, tending an accounting manager for
17 approval. The is one of the two positions that was approved by the
18 legislature two years ago that we are just now filling. But we are
19 working on that matter as we speak.

20 The public hearings of the 911 that the board
21 asked staff to do, if I'm not mistaken, it was at the March board
22 meeting, that we would do jointly with TACIR -- or I should say,
invite

of 23 TACIR staff to participate and provide them with a complete record
on 24 all findings from those hearings, the first one will be in Memphis
25 October 12th at the University of Memphis. The next one will be at

1 Knoxville on October 26th at the County-City Government Building.
2 And the final hearing is proposed to be in middle Tennessee the
3 second week of November and we're working with Steve Smith on
4 that. The time and place to be announced.

5 But we're hoping to have an array of witnesses
6 to offer testimony at that hearing, not only the 911 district
directors or
7 board members, but also members of the public safety community,
8 members of the general public, any and everybody that's got a
9 stakeholder interest in the 911 system. As I mentioned, we will be
10 providing this to TACIR and we have invited the TACIR
representative
11 to join us for those hearings.

12 We have the TENA conference coming up at
13 the end of the month which we have been working with the TENA
14 leadership on to help provide some of the panels. We've secured a
15 telematic panel with a representative of OnStar out of Detroit, ATX
out
16 in Texas, the two primary telematic providers in the United States
and
17 through North America, will be joining that, as well as
18 Lynn Questell will be joining Senator John Haynes and also
19 Chris McClean a Washington D.C. telecommunications attorney for a
20 legal panel that is held at the TENA conference.

21 This week we've added the Time Warner
22 officials on the voice over IP roll out in Memphis. And I'm very
proud
23 to say, Mr. Chairman, from what we're told, they're going to do it
the

24 right way. They are not only going to do selective routing to one
of the
25 appropriate PSAPs in Memphis, but they will also provide ANI and
ALI

So 1 and also will be committing to 911 in the Shelby County district.

2 we commend Time Warner for that approach and their support of 911
3 in that area.

4 One of the last items I wanted to bring up in
5 terms of report was my visit to Giles County on August 13th. I
feel like 6 it was very productive.

7 As the board knows, there's been a number of
8 press stories that cast some doubts on PSAP management, some
9 decisions that they made in the past, and I think what we'll have
later 10 this morning is for the 911 district, who will be here, and we'll
offer 11 them an opportunity to say any words, but I have offered technical
12 assistance to that district and I'll go into that just a little bit
more when 13 the time comes.

14 That concludes my formal report, Mr. Chairman,
15 and now I have some action items the staff needs action on.

16 The first action item is a proposed policy.
This 17 will be proposed Policy No. 27. This was the deal with "at risk"
18 districts that have had two consecutive years of negative cash
flow. 19

20 This policy was reminded to me from general
21 counsel that has not only gone back a couple of meetings when she
was on 22 was on the staff, but I remember this from the first year that I
the 23 staff, that there was an interest -- an intent among the board that

23 staff start working with the districts sooner rather than later to
try to
24 help minimize some of the financial difficulties. Much in the same
way
25 that we did with Jackson County in terms of being responsive, not

1 necessarily solving what the problem was, but it was an opportunity
to
2 try help minimize the negative cash flow the district would have
before
3 appropriate actions or corrective action could be taken.

4 So at this time I would ask general counsel if
5 she would read into the record the proposed Policy No. 27.

6 MS. QUESTELL: "Emergency Communications
7 Districts (ECDs) with actual budget deficits or net losses for two
8 consecutive years as identified by budgets or audits shall be
9 considered "at-risk" within the meaning of Tennessee Code Annotated
10 7-86-304(d). Tennessee Emergency Communications Board staff
11 shall contact "at-risk" ECDs to obtain additional information
regarding
12 cash flow, debits, revenues, obligations, and potential defaults.
If

13 appropriate, the TECB staff may provide recommendations to assist
at-
14 risk ECDs in avoiding a designation of financial distress under
15 Tennessee Code Annotated 7-86-304(d). TECB members shall be
16 notified of ECDs that are considered by the TECB staff to be "at-
risk."

17 CHAIR PORTER: You've heard the
18 recommendation of the staff on Policy No. 27. Do I hear a motion.

19 MEMBER PURKEY: I move to adopt the policy.

20 MEMBER BEEHAN: Second.

21 CHAIR PORTER: Motion by Mr. Purkey,
22 second by Mr. Beehan that we adopt Policy 27. Is there any
23 discussion?

24 Hearing none, all in favor say "aye."

25 THE BOARD: Aye.

1 CHAIR PORTER: All opposed like sign.

2 Motion carries.

3 MR. HAYNES: The next item, Mr. Chairman, is
4 proposed Policy No. 28. It deals with the temporary service charge
5 increase extension past the expiration pending TECB consideration.

6 We had proposed that originally -- well, let me
7 just start out and describe the policy first.

8 This is a policy meant to increase the fairness
9 and equity to the districts by -- when their rate increase may
possibly
10 be sunset by state board action that there is an amount of time
there
11 that proper notifications can take place and whatnot. And what you
12 want to avoid if you have a change in management of the district
and
13 the person coming in that found out in 30 days that their rate
increase
14 was going to sunset and they need to continue with that increase
but
15 adequate time did not exist to try to get on the docket with the
state
16 board and hear another rate case.

17 So what we're proposing is that no later --
what
18 the policy is written for is that no later than 30 days prior to
the
19 increase of the telephone charge, before that sunsets that there
would
20 be an opportunity to possibly temporary extend that.

21 I'm going to ask general counsel, if she would,
22 to read the proposed Policy No. 28 at this time.

23 MS. QUESTELL: "No later than 30 days prior
24 to the date an increase to the emergency telephone service charge
in
25 an emergency communications district is scheduled to expire, the

1 chairman of the affected district shall require the board of
directors of

2 such district to determine whether extension of the increase is
3 warranted. The chairman shall provide written notice of the
outcome

4 of that determination to the executive director of the Emergency
5 Communications Board within ten days of such vote.

6 "In the event that a district board of directors
7 votes to seek an extension of the service charge increase and its
8 expiration date will occur before the board can consider the
district's

9 application for extension of the increase, the chairman of the
district

10 board of directors may file a written request to the executive
director of

11 the state board that the increase be extended until the next board
12 meeting. The executive direct may allow such temporary extension
13 provided the district has filed a complete and correct application
for
14 extension of the rate increase."

15 CHAIR PORTER: You heard the reading of
16 Policy No. 28.

17 MEMBER MOODY: Mr. Chairman, I'll make
18 motion to approve, but I do want to make an amendment.
19 Do you want me to go ahead with my amendment?

20 CHAIR PORTER: Yes.

21 MEMBER MOODY: Frankly, I think 30 days is
22 too short of a period of time. It seems to me like district needs
to be

23 on top of, so to speak, what's going on and be aware of their
financial

24 situation. And I think it really ought to be 90 days.

25 CHAIR PORTER: So you're making a motion

1 to approve the policy with the change of 30 to 90 days?

2 MEMBER MOODY: That's correct.

3 CHAIR PORTER: Do I have a second?

4 MEMBER BILBREY: Second

5 CHAIR PORTER: I have a motion and a

6 second that we adopt Policy No. 28 with the change of the 30 days
to

7 90 days. Is there discussion?

8 MEMBER BEEHAN: Question. Where did the
9 30 come from? What was the thought on that. There must have been
10 some thought.

11 MR. HAYNES: It was just a number pulled out.
12 We got to thinking, too, at staff level, 30 days doesn't give staff
a lot

13 the time to work that you've got to have done on a rate increase.
And

14 typically it's 60 to 90 days between board meetings, so that's
probably
15 better.

16 MEMBER BEEHAN: I believed the 30 showed
17 up here for some reason.

18 CHAIR PORTER: Maybe it was a short straw.

19 MEMBER BEEHAN: I've got another question
20 or comment. I would assume that these types of policies can be
found
21 on the website.

22 MR. HAYNES: That is correct.

23 MEMBER BEEHAN: And I wanted to mention, I

24 was going to do it later on, but I was thinking now, if anybody has
not
25 looked at the website it's been changed. I think it's more user
friendly.

1 Not that it wasn't before, but it's very initiative.

2 CHAIR PORTER: I know Anthony spent time
3 working on the website. You're right, it really looks good. I'm
glad you
4 brought that up.

5 Other discussion on Policy 28?

6 Hearing none, all in favor say "aye."

7 THE BOARD: Aye.

8 CHAIR PORTER: All opposed like sign.

9 Motion carries.

10 MR. HAYNES: Mr. Chairman, the next item is
11 proposed Policy No. 29. I want to emphasize that this is a policy
that I
12 had actually mentioned down when I had an invitation by Gerald
13 Wilson to come down to visit Bradley County 911 board recently, and
14 it's one of the things that I had been thinking quite a bit about.

And
15 you know we're all government, whether you're a local 911 district,
16 state board, or federal employee, and it's all serving the same
public.

17 I think Governor Bredesen made a very strong
18 statement when he proposed probably the most stringent ethics
policy
19 for all the State employees and affiliates when they came into
office.
20 This board had not only adopted that but has raised the bar just a
little
21 bit for themselves on that matter.

22 So proposed Policy 29, basically, strongly
23 encourages, it does not require, it does not mandate, it does not

24 penalize a local 911 district for not adopting an ethics policy to
25 regulate their own activities and try to help public perception of

1 impropriety or conflicts of interest, but there's -- if we be
honest with
2 ourselves, there's a lot of money in the 911 industry. And there's
a lot
3 of vendors that court a lot of 911 officials, wine them and dine
them,
4 take them out and do things, and these people are running the RFP -
-
5 they're running the RFP process and the bid process. And it
doesn't
6 cast down on anybody, but you and I both know that if we don't kind
of
7 put rules on ourselves to tell the public that we're doing this in
an
8 above and about way, we need to -- it's going to raise questions in
9 their mind.

10 So proposed Policy 29 is just a good
11 government effort, it's not requiring anybody to adopt it, but it's
12 strongly encouraging to adopt it. And with that we've included a
copy
13 of the Governor's policy that we're only suggesting as a matter of
14 convenience to the district only.

15 So at this time I'll just go ahead and ask --
16 instead of reading the entire Governor's policy on that which you
can
17 get off the website later in the month, I'll ask our general
counsel to
18 read proposed Policy No. 29.

19 MS. QUESTELL: I did want to make a
20 clarification, the proposed policy has been tweaked -- the
Governor's

21 policy -- but it's been tweaked so just for your convenience you
could

22 fill in the blanks and put your district name and adopt it. But
it's just for

23 your convenience. Feel free to change it, feel free to ignore it,
feel

24 free to adopt it. It's just for your convenience.

25 But our policy that's proposed right now, Policy

1 No. 29 states: "Boards of directors of emergency communications
2 districts are strongly encouraged and advised to adopt ethics
policies
3 to regulate their activities, including but not limited to
contractual
4 obligations and acceptance of gifts, in order to avoid even the
5 appearance of impropriety."

6 CHAIR PORTER: You heard the
7 recommendation from staff on Policy No. 29.

8 MEMBER BILBREY: So moved.

9 MEMBER BEEHAN: Second.

10 CHAIR PORTER: Motion by Mr. Bilbrey,
11 second by Mr. Beehan to approve Policy No. 29. Any discussion?

12 Hearing none, all in favor say "aye."

13 THE BOARD: Aye.

14 CHAIR PORTER: All opposed like sign.

15 Motion carries.

16 Next item.

17 MR. HAYNES: I think this is our last proposed
18 policy, Mr. Chairman. Proposed Policy 30 originated from a call a
19 couple of weeks ago that I received from PCS regarding to the call
20 data going to the PSAPs, and what data do you want. Because,
21 evidently, they were willing to provide some call data to some
PSAPs,
22 and were, and some data they were not providing. And when calling
23 the PSAP they said, "Well, what data do you want?" And they said,
24 "Well, read our law, the state board determines all of that."

25 So I thought this would be a good opportunity to

1 go ahead and get a written policy on the books so that we can work
2 with the LAGS (phonetically), work with wireless carriers and their
3 technology solution providers that basically says we want any and
all
4 data that you are able to provide on a wireless call to a PSAP.
They
5 can decide if they want to filter it out, they can decide how they
want to
6 use it, but we do not want a PSAP being prevented of getting any
call
7 data that maybe every other PSAP in the nation has been getting for
8 six months.

9 So we just want to stay current. We want to
10 make sure our PSAPs have all the tools that they're supposed to to
11 help somebody in an emergency. And at this time I'll ask general
12 counsel to read proposed
13 Policy No. 30.

14 MS. QUESTELL: Proposed Policy No. 30:
15 "With regard to all 911 calls transmitted by CMRS providers, all
call
16 data obtained from each call, including, by not limited to cell
sector,
17 tower location, Phase II location data, carrier name, call-back
number,
18 class of service, PANI or ESRK and call confidence level, shall be
19 provided to the public safety answering point receiving the call."

20 CHAIR PORTER: You heard the
21 recommendation for Policy No. 30. What's the will of the board?

22 MEMBER PURKEY: Move to adopt the policy.

23 CHAIR PORTER: Do I have a second?

24

MEMBER MOODY: Second.

25

CHAIR PORTER: I got a motion by

1 Mr. Purkey and a second by Ms. Wanda. Any discussion?

2 Hearing none, all in favor say "aye."

3 THE BOARD: Aye.

4 CHAIR PORTER: All opposed like sign.

5 Motion carries.

6 MR. HAYNES: Mr. Chairman, that concludes
7 the proposed policies. The next item the staff has is to consider
8 Overton-Pickett ECD request for reimbursement for GIS mapping.

9 After a considerable amount of thought on this
10 matter, it occurred to the staff that in all of our efforts to try
to help

11 promote the intent of the law, it's written in there very clearly
about

12 how it's the public policy of the State to basically have more --
have

13 less, not more operations and spread the number of districts -- I
14 should say increasing the number of the districts, increasing the
15 number of the PSAPs, we have tried through our grant process, GIS
16 mapping maintenance grant, as well as the Rural Dispatcher
17 Assistance Grant not to create any financial dis-incentive for two

911

18 districts that may be considering a merger that they would say why
19 would we want to do that because we're going to lose X amount of
20 grant money when we consolidate into one district.

21 So in the grant authority that's approved by
22 Commissioner Goetz that we have developed, we put in there that,
23 say for instance, if Gibson County -- and this is an example.

Gibson

24 County and Crawford County decided to merge, if both we're getting

25 the Rural Dispatcher Assistance Grant the new unified district
should

in 1 have both grants continuing to come in, you know, keeping \$60,000
2 the revenue stream to help us.

of 3 It occurred to us at the time that this was kind
4 a slap in the face, though, to Pickett, who had taken the pioneer
5 position of being the first district to come together and
consolidate 6 their resources to improve not only the service of 911 for their
7 community but then also to minimize some of the cost, that out of
8 fairness and a matter of equity they ought to be given the same
9 consideration.

10 So what I would like to do this morning,
11 Mr. Chairman, is propose by order of this board that Overton-
Pickett 12 be treated consistently as other districts that my merge in the
future, 13 so that they on their \$50,000 GIS reimbursement, that be ranged to
a 14 maximum cap of \$100,000 and that any other grants that the ECD
15 does, that they be treated at this time, until policy changes, as
two 16 districts and enjoying the same benefits of any district that might
be 17 merging just like them.

18 CHAIR PORTER: You heard the proposal from
19 the staff --

20 MEMBER BEEHAN: Move to adopt.

21 CHAIR PORTER: I have a motion from

22 Mr. Beehan, do I have the second?

23 MEMBER MOODY: Second.

24 CHAIR PORTER: Second by Ms. Moody.

25 I'd like to say I think this is a good thing. I
think

1 if we're going to push districts in the future to try to merge,
this is a

2 little more incentive to merge. So I think the board is taking a
very

3 positive step today.

4 Any discussion?

5 Hearing none, all in favor say "aye."

6 THE BOARD: Aye.

7 CHAIR PORTER: All opposed like sign.

8 Motion carries.

9 MR. HAYNES: Mr. Chairman, while we're also
10 talking about GIS mapping issues as I mentioned in this past
action, if

11 you will recall from the last board meeting, you took action and
12 approved the reimbursement of a couple of ECDs that when we we're
13 making amendments to the grant authority with the Department of
14 Finance and Administration our staff had told the districts just to
hold
15 off in sending in that request for the \$10,000 GIS Maintenance
Grant.

16 By the time F&A got us back what we needed to business on that
17 grant authority time had elapsed. And it was never the intent of
the

18 board to penalized -- it was never the intent of our board to
penalize

19 the local districts to cause them, quote, to miss the grant cycle.

20 So in the last -- since our last meeting we
found

21 three other 911 districts that fit into that category that we had
told just

22 to hold off and we could kind of get the housekeeping together in
state
23 government and that time had lapsed. And what I would recommend
24 to the board is to approve Fayette, Maury, and Kingsport ECDs for
the
25 \$10,000 reimbursement for their GIS mapping maintenance expenses

1 during the previous 12 months.

2 MEMBER BEEHAN: I would so move.

3 CHAIR PORTER: Motion by Mr. Beehan, do
4 have a second?

5 MEMBER PURKEY: Second.

6 MEMBER RICH: Mr. Chairman, I'll need to
7 recuse myself from voting.

8 CHAIR PORTER: Let the record show
9 Mr. Rich has recused himself since he's the director of the Maury
10 County District.

11 Any discussion?

12 Hearing none, all in favor say "aye."

13 THE BOARD: Aye.

14 CHAIR PORTER: All opposed like sign?
15 Motion carries.

16 MR. HAYNES: Mr. Chairman, the next item is
17 regarding Jackson County ECD. The staff is recommending that after
18 the satisfactory, quite frankly, exceptional performance of that
district

19 and their leadership given the financial difficulties that they
incurred in

20 the earlier part of the year, the debt incurred, some of the
financial

21 problems, the staff is confident that things are where they need to
be.

22 The district leadership has done a tremendous job. They should be
23 commended, that whole district. And at this time the staff would
24 recommend the state board formally pass a vote -- formally pass an

25 action that would remove the state board's immediate oversight of

1 Jackson County expenditures and put on pro se under the conditions
2 that they were working on.

3 CHAIR PORTER: You heard the
4 recommendation of staff, do I have a motion?

5 MEMBER LOWERY: So moved.

6 CHAIR PORTER: Do I have a second?

7 MEMBER BILBREY: Second.

8 CHAIR PORTER: Motion by Mr. Lowery,
9 second by Mr. Bilbrey that we commend Jackson County for the work
10 that they've done in getting their financial orders back together
down
11 there and that we cut them lose from TECB's supervision order and
12 consent order.

13 MEMBER MOODY: Mr. Chairman, I would
14 wonder in communicating the action of this board -- I'm assuming
that

15 the board is going to approve this motion, that in the
communication

16 let them know that any way that the board and staff can be of help
to
17 them, certainly, that is still available.

18 CHAIR PORTER: I agree. Does the motion
19 and second have any problem adding that?

20 MEMBER LOWERY: No, none.

21 MEMBER BILBREY: No.

22 CHAIR PORTER: I think staff has done a
23 tremendous job with Jackson, I know, especially Don spent a lot of
24 time, and Lynn, and of course Anthony, a lot of time with those
folks

just 25 making sure that things got in order and put forward. I guess I'm

1 amazed that we got them back in the black as quick as we did. We
2 got things going as good as they are now.

3 And I think that's not only our folks but the
4 Jackson County folks should be commended for stepping up to the
5 plate and doing what needed to be done.

6 MEMBER PURKEY: Mr. Chairman, I think
7 that's a reasonable concern on this board, when we can take
counties
8 that literally cannot make things happen for themselves because of
9 the lack of resources, these are situations that have pleased me
most
10 as a board member because we're really affecting lives.

11 CHAIR PORTER: Gives you some satisfaction
12 for driving to Nashville eight or ten times a year.

13 Other discussion?

14 Hearing none, all in favor say "aye."

15 THE BOARD: Aye.

16 CHAIR PORTER: All opposed like sign.

17 Motion carries.

18 MR. HAYNES: Next item is related and
19 regarding Giles County ECD. And I'd like for the state board to
20 authorize staff to consider those for technical and operating
21 assistance.

22 As the board knows with the press stories and
23 contacts that we had had over the last probably two to four months,
24 the Giles County ECD had come under a considerable amount of
25 scrutiny at the local level by some of the management of the local

1 PSAP. And there's also some allegations too -- I don't want to
give
2 any credence to, it's not my place to, as I mentioned when I took
my --
3 when I went on the Giles County visit, to the press and everyone
that
4 was in the district to the PD down there, there are appropriate
5 channels in government and there are appropriate authorities to
6 investigate those matters. It's not mine, and it's not the state
board.
7 What my job to do is to come in and help out
8 and see if we can provide some level of assistance. But it did
appear
9 to be a wonderful opportunity in moving forward instead of looking
10 back that we have a win-win situation. And if the board would just
11 indulge me a moment for being so direct and crass, it was an
excellent
12 opportunity for the district to give them the political cover they
needed
13 in making a positive change for the better, and that was asking the
14 state board to come with their technical consultant, take a look,
review
15 their PSAP operations, their practices, their cash flow, pretty
much
16 from top to bottom, and make recommendations to what needs to be
17 done.
18 And it was a wonderful opportunity for the state
19 board because then all of sudden one of one hundred 911 districts
of
20 this state, we can go at bed at night knowing that they're in good
21 shape and they're going to be in good shape for a long time.

22 So with that win-win type of a proposition the
23 chairman, the local chairman at the time agreed with me on. I went
24 down and made this proposal to the local district. They, in turn,
25 passed such an action. And I think some representatives from Giles

to 1 County are here this morning. With your permission we'll ask them
2 come forward in just a moment.

3 But I think this is a great opportunity,
4 Mr. Chairman. I want to point out, as I did in Giles County, this
is not 5 big, bad government coming in and telling people what to do. This
is 6 going to be a partnership. We're going to approach it that way.

7 What I have to do is make sure the consumers'
8 dollar in this case, or the taxpayer's dollar -- like I saw in
Washington 9 so many times, a report done and put up on the shelf and it
collects 10 dust and everybody goes away, that there will be some sort of
11 consensual agreement. And it will not only be a consensual
12 agreement in coming up and developing those set of
13 recommendations that Kimball and Associates will do, but then also
14 so that that money that the state board pays for all the hours that
15 Kimball will spend there are not lost, there will be a time line
that the 16 district agrees to implement these on. And my guess is that their
local 17 constituency will hold them more accountable than any state
18 governmental entity would be able to do so.

19 So I just want to emphasize this a partnership,
20 it's not an authoritative type of direction from the State. And I
21 commend the local district, they, obviously, want to do everything,
as 22 you do, to be in good faith with the public, their interest. And
at this

23 time, if there are any comments, Mr. Chairman, it would be
24 appropriate to address this and make our recommendation.

25 CHAIR PORTER: The Giles County folks that

1 are here today, would you like to come up?

2 State your name for the record.

3 MR. BASS: Yes, sir. My name is Eddie Bass.

4 I'm the new chairman of the local board. With me is Michael Duke,
5 the director.

6 We appreciate Mr. Haynes, Mr. Johnson, Mr.

7 Rich, and I'm going to have to say Lynn because I can't pronounce

8 your name, coming to be with us. We really enjoyed it. I think it
was a

9 very informative meeting. The board's goal is to do nothing but
move

10 forward. I think we have -- we have the -- I don't know what the
right

11 word is, but the desire from the board to go forward and work with
this

12 board and make one of what we believe can be one of the strongest
13 organizations with the state, or at least up there with everybody
else.

14 And we do appreciate you-all's help and we are
15 here to definitely work with you. And Mr. Haynes surely led me to
16 believe that you-all are here to work with us and we really do
17 appreciate it.

18 I've been on the board, and I guess I'm -- I
19 don't know that this is the right word -- I'm as much to blame as
20 anybody for where we are. It just seems like we depend on
everybody

21 else, and that's the way things get, possibly, like they are. I do
-- me

22 and Mike sit down with the budget somewhat, and I think we're not
so

23 bad that we can't go forward. We feel real good about everything.
24 We look forward to the help from you-all's people and we hope we
can
25 come back and you-all could be talking about us like you were, I
think,

1 Jackson County a few minutes ago. That's what I want to hear. So
2 we really appreciate it.

3 By the way, the website is very helpful.
4 Somebody is doing a good job on that.

5 CHAIR PORTER: Any questions?

6 MEMBER RICH: How far along is your rate
7 increase application?

8 MR. BASS: I think we're going to start at
9 square one and go again. I think we need to get that done from the
10 start and just -- to answer your question, I'll say we're getting
ready to
11 start in the process.

12 CHAIR PORTER: Other questions?

13 Thank you, Mr. Bass.

14 Anthony, we'll need a motion to approve the
15 resolution requesting Giles County --

16 MR. HAYNES: Mr. Chairman, if I might just
17 explain that, what the staff would propose is that the board
authorize
18 our staff to work directly with Jackson -- excuse me, with Giles
County
19 and authorize the -- allow us to use the technical consultant,
provide
20 them technical assistance as, you know, is one of the things that's
21 called for in our law, and that we do that in a consensual
partnership
22 but then that partnership will also include time lines that the
district will
23 agree to implement those.

24 And I would like to emphasize we will work with
25 the district in setting those time lines. These will not be set,

1 necessarily, by -- they will not be set by the state board or staff
or

2 technical consultant in absence and without consent of the
district.

3 CHAIR PORTER: You heard the request from
4 the staff, do I have a motion?

5 MEMBER BEEHAN: So moved.

6 CHAIR PORTER: Motion by Mr. Beehan. Do I
7 have second?

8 MEMBER RICH: Second.

9 CHAIR PORTER: I have a motion and second
10 that we approve the request from Giles County to provide them
11 technical and operational assistance from staff and from our
12 consultant.

13 I have motion from Mr. Beehan and a second by
14 Mr. Rich. Any discussion?

15 MEMBER RICH: Mr. Chairman, I would like to
16 commend staff, I did ride down with them and they did a great job
of

17 erasing any doubt from their mind that we were a big bunch of
18 Nashvilleans down to bully them down there. When we left I think
that

19 they left -- they had a complete understanding of what we we're
trying
20 to do. And I think now they know that we're trying to help them.

21 CHAIR PORTER: I know Freddie's been trying
22 to help them since he's a neighboring county. And I appreciate
what

23 he's done also.

24 Other discussion?

25 Hearing none, all in favor say "aye."

1 THE BOARD: Aye.

2 CHAIR PORTER: All opposed like sign.

3 Motion carries.

4 MR. HAYNES: One last item I have while we're
5 in the executive report. There appears to be some confusion at the
6 district level about TACIR and our role with that, as well as our
support
7 for that. Well, I'd just like to say on the record now, since the
8 transcript will be on the website in a -- as soon as we get it back
from
9 the court reporter in the typical amount of time, as well as
possibly this

10 audio feed if it's workable, and this will go into the summary of
all

11 district directors and to your chairman, but the TACIR study was
not

12 necessarily -- the way the law was written -- and I'm going to
provide a

13 copy, the public chapter that passed, that the Governor signed, the

14 Lieutenant Governor signed, as well as Speaker Nasey
(phonetically),

15 and have it in today's transcript, but it was not an investigation
of the

16 state board in the way it's being castigated out in some of the --
some

17 of the local district level.

18 This was something, mainly, to look at the
19 money. And anybody that can read this bill can tell that the pure
20 scope and intent was to look at the operations of how 911 was done
in

21 this state combined with how it's paid for and the money going
through

22 that.

23 But it was not to be an investigation of the
local

24 districts. It was not an investigation of the state board the way
it's

25 been portrayed. And I would like to set that straight for not only
the

1 districts but also the general public at this time.

2 And further, Mr. Chairman, I would like to note
3 for the record that contrary to what's being spread at the local
level the
4 state board did, did support the legislation. The legislation that
5 opened up the chapter, which was merely a convenience for a caption
6 bill, the state board opposed that legislation because of the
negative
7 effects that we believe would happen to rural 911 districts. We
8 wholeheartedly supported the TACIR study.

9 Mr. Chairman, you'll recall from my first few
10 months of employment on this board, coming from Washington and
11 having an economic analysis, the luxury of an economic analysis on
12 everything from when it's time to go to the restroom or when you
13 shutdown at the end of the day, I was really surprised that no such
14 economic analysis existed on the needs of 911 in this state. And
if
15 you'll recall, Mr. Chairman, I even talked to you about we need to
have
16 one, who should perform that study, should we contract one of the
17 universities such as the University of Tennessee Institute of
Public
18 Service. I even talked to the commissioner's office, Deputy
19 Commissioner Scott White about how we can go about doing this
20 process.

21 And as time went along now the issue of the
22 TACIR study came up. So I'm tickled to death that there is an
23 economic analysis that's going to be performed on funding,
particularly

24 as it relates to the rural 911 districts. Because as you and I
have said

25 from day one, Mr. Chairman, the situation that exists to fund the
rural

1 911 districts is a situation that is getting ready to go from bad
to worse

2 if we continue down that path, not better.

3 And we have tried to do things in the state
4 board to try to offset that as we go along with GIS grants, PSAP
5 Master Clock grants, and particularly the Rural Dispatcher
Assistance

6 grants. So with what powers and authorities we do have, the way
the

7 law is written, to try to help the situation we have exercised
those and

8 exercised those fully.

9 But I just wanted to point out and clarify on
the

10 record what the state board's position was. I went back and
checked

11 that against the communication that was sent between Commission

12 Flowers and Governor Bredesen that we did support that, and we did.

13 So I just want to clarify all of that for the
record

14 this morning, and I appreciate your indulgence.

15 CHAIR PORTER: Any kind of action on that?

16 MR. HAYNES: No, sir.

17 CHAIR PORTER: Anything else, Anthony, on
18 your report?

19 MR. HAYNES: No, sir. Thank you. Thank you
20 for the opportunity to address the board.

21 CHAIR PORTER: The next item on our
22 agenda is to consider a motion for reconsideration of the
23 Mountain City/Johnson County matter we heard a few months ago.

1 issue, at a request from the City, Mountain City, as to whether the
2 funding it was providing to the district was applicable or not.
They had
3 reduced their funding from about 60,000 a year to about 25,000 a
4 year. And the City had asked us to review the board and the
5 decisions they had made as far as cutting off Mountain City
6 dispatching.

7 We did issue an order that would require the
8 district to continue dispatching for Mountain City but also that
9 Mountain City continue paying the \$60,000 for the dispatching
service.

10 We also granted the increase to -- Johnson County rate increase
11 request up to a dollar.

12 The first item, I think is, before we get into
13 anything and any discussion, the board's going to have to decide if
it
14 wants to open it up and reconsider this matter or not.

15 At this time I would like to hear from our
16 counsel, Lynn Questell, I think she has a request for the board.

17 MS. QUESTELL: Thank you, Mr. Chairman.

18 I would really like to encourage the board to
19 open the matter back up. The last time the board considered the
20 dispute there was a lot of talk about money and how much it would
21 cost the City to provide its own dispatching. And I feared that it
was
22 not really grounded in reality. None of the parties offered any
actual
23 evidence about the value of the dispatch.

24 We now have a representative of the board's

the 25 new technical consultant here to provide evidence of the value of

the 1 dispatching and to talk about the reliability of the statistics on
2 number of calls that the ECD has been taking for Mountain City.

3 Our technical consultant's name is
4 Kirk Andrich. He's gone to Mountain City, he's talked to the mayor
5 and the city recorder. And he's gone to the district and reviewed
their 6 operations. And I would like to get his evidence into the record
so that 7 we really have a factual grounding of any decision you might make.

8 So again, I would ask you to open up this matter
9 and reconsider this.

10 MEMBER MOODY: I was just going to move
11 that we reconsider this matter.

12 CHAIR PORTER: Do I have a second?

13 MEMBER BEEHAN: I will second that.

14 CHAIR PORTER: I have a motion from
15 Ms. Moody and a second by Mr. Beehan that we open up and
16 reconsider the matter of the Mountain City order that was issued.
Any 17 discussion?

18 Hearing none, all in favor say "aye."

19 THE BOARD: Aye.

20 CHAIR PORTER: All opposed like sign?

21 Motion carries.

22 Would the folks, whoever is here representing
23 Mountain City come up?

24 And also Johnson County, is anybody here from

25 Johnson County ECD? If you-all would come up.

1 MR. MAHN: Mr. Chairman, Mike Mahn. For a
2 limited purpose I represent Mountain City on a specific matter
relating
3 to jurisdiction.

4 MR. BEEHAN: Are any elected officials here
5 with you, Mr. Mahn?

6 MR. MAHN: No, sir. No other persons, to my
7 knowledge, are here on behalf of Mountain City.

8 MR. CAMPBELL: Eugene Campbell, the
9 director. I also have board member Tom Taylor with me.

10 CHAIR PORTER: If the board will indulge me, I
11 would like to kind of have these proceedings kind of like the Court
of
12 Appeals handles theirs, in that we stay very organized and orderly.
I
13 want to give everybody enough time to say what they need to, but at
14 the same time limit it to the point that we don't get off into
something
15 that doesn't pertain to the case.

16 So at the beginning what I'd liked to do is give
17 each party ten minutes to make any opening remarks you would like
to
18 make. We'll start with Mr. Mahn on behalf of Mountain City and
then
19 go to the district. And then I'll allow our counsel, Lynn
Questell, if she
20 has any opening remarks.

21 Then the second thing we'll do, after we hear
22 from these folks we will get the expert testimony from our
technical

23 consultant. Lynn will be able to ask him questions and get his
report

24 into the record. Mr. Mahn will be allowed to ask questions of him
also,

25 and the District also.

1 Then after we've heard closing remarks from
2 each one of the parties then the board will go into deliberations
and
3 decide whatever the will of the board is, whether it's to change it
or
4 leave the order as it is now.

5 Does everybody understand?

6 Okay. We'll give each one about ten minutes
7 for opening remarks. Mr. Mahn, I'll let you go first.

8 MR. MAHN: Thank you, Mr. Chairman.

9 The board is very familiar with this matter
10 having considered it at least on two prior occasions this year. I
was
11 requested, Tuesday, formally, by the mayor and the board of
aldermen
12 to represent their interest for the limited purpose of asking the
board to
13 consider a portion of the order, specifically that part that
requires
14 Mountain City to pay a fixed amount, \$60,000, and the -- and not
other
15 parts.

16 I have -- am coordinating with -- I'm not
17 representing directly -- the city attorney, George Wright, who has
18 previously filed a motion to which your general counsel has
19 responded. The motion is made moot by the fact that the board has
20 sought to reconsider the matter. That's the basis of that motion.

21 But my purpose is to ask the board -- and I
think
22 this is an important exercise not just relating to Mountain City,

23 obviously it's important to them, it's just as important to Johnson
24 County 911, but it has much greater potential implications for the
25 whole state and all districts and municipalities and all counties,

this 1 actually. The question is simply this, does this state law give
to 2 board the authority to order a city, and by application a county,
3 make a certain amount of payment in support of 911 operations, that
4 is, dispatching.

5 I would suggest as much as you know from my
6 other representation, how much many of us would like to do that, I
this 7 suggest, though, that state law does not give that authority to
work it 8 board. It leaves it to local authorities, for better or worse, to
9 out.

10 Now, I do not question that this board can make
11 conditions on orders granting a rate increase that you've done in
12 previous decisions, through which I'm very aware of having
13 participated in Bradley, Cumberland, and Rhea County, which all
14 involved the board conditioning a rate increase on certain actions
by 15 local governments, Indirectly. That's -- and the board has done
that 16 delicately and appropriately.

17 But I think the board would not want to give,
for 18 instance, a municipality control over whether a district gets a
rate 19 increase, you know, by their failure to comply or failure to comply
fully 20 in that regard.

21 But the issue really before you is grounded on -
-

22 there's two statutes that come into play. Both of these are in
Title VII
23 and Chapter 86. One is 306, that's where your powers are set
forth.
24 They're broad powers but they're limited to dealing with emergency
25 communications districts in orders relating to the districts and
not to

1 other bodies of government.

2 The other statute that has been implicated or
3 has been mentioned in the board's discussion is 312, Section 312 of
4 that same Title VII, Chapter 86.

5 Now, 312, as the chairman certainly
6 remembers, because he participated directly, along with myself and
7 others, when this was drafted, the section that allows a city or a
county
8 to request this board to review the decision of the district. And
that
9 was done for a very specific reason. It was done to help,
hopefully,
10 prevent local conflict by a city or a county saying they did not
like
11 some action taken by a district and to give them a means of at
least
12 bringing the issue to the attention of the state board.

13 I think it would circumvent the intent of the
14 statute if it was used as a got-you, so to speak. Meaning that
should a

15 city ask you to review the action of a 911 board that by
implication they
16 suddenly open themselves up to be ordered to make financial
17 payments. And I don't think that was at all the intent of the law
and
18 312 should not be used for that purpose.

19 So I think that leaves us with having to go back
20 and look at 306 and ask ourselves -- or ask yourself, does the
statute

21 empower the District to make such an order, directly and
enforceable

22 against the City. I would suggest that it does not.

23 I would also suggest, though, this board can

24 condition. And that puts the district in a difficult position, in
effect

25 saying, if you don't get local governments to agree to certain
things

1 then your funding will be this or that. That's appropriate.

not 2 Mr. Chairman, lastly, I would want to say I'm
I 3 here to discuss or argue against or for any other aspects of this.
I 4 appreciate very much Ms. Questell sending a copy of the Kimball
in 5 work. I'm very familiar with Kimball and Associates, we use them
interesting 6 half of the county, extensively, still are. And it's a very
study. 7 study.

8 And I commend the board for starting to do this
these 9 kind of analysis in that regard as to the value and impact of
10 things. But again, I just suggest this is basically a question of
11 jurisdiction relating to whether you can order Mountain City to
make 12 the payment.

13 Thank you, Mr. Chairman. I'll be glad to
14 respond to any questions.

15 CHAIR PORTER: Thank you, Mr. Mahn.

16 I'll now give the District a chance to make any
17 opening statements you'd like to make.

18 MR. CAMPBELL: We have none.

19 CHAIR PORTER: Let the record show the
20 District didn't have any statements they wanted to make.

21 Ms. Questell, do you have any you would like to
22 make?

23 MS. QUESTELL: Yes, Mr. Chairman. I'd just

24 like to make a short statement about Mr. Mahn's comments.

25 I agree that the extent of the board's authority

1 has not been decided by a court. This is an open question and a
court
2 may eventually may to make a decision on it.

3 But I would like to say that I see kind of an
4 internal inconsistency from what Mr. Mahn's comments are. He spoke
5 broadly about whether the board has -- the board's overreaching
6 powers to affect city and county financial situations. And there's
one
7 very important fact that I think we have to keep in mind, is that
8 Mountain City passed a resolution asking this board to get
involved.

9 That is the true distinguishing feature here. They asked, under
10 786-312, that the board resolve the dispute.

11 Then another question comes down to how you
12 frame the issue. Mountain City would like to frame the issue in a
very,
13 very narrow way. Johnson County ECD has to provide us dispatching
14 or not. They don't want to talk about money. They don't want to
talk
15 about them paying money. They want to talk to about whether
16 Johnson County has to give them dispatching.

17 What does that leave you with? I mean, if you
18 frame the issue that way, then you are tieing your hands behind
your
19 back, basically, and ignoring the reality of the situation.

Tennessee
20 Annotated 7-86-312 says that you should resolve disputes.
Moreover,

21 the law also states that the board is to, quote, act as the
deciding

22 agency, end quote, whenever issues about a district's financial

23 standing or the level of quality of 911 service arise between a
district

24 and other governmental units. That's 7-86-307(a)(2).

25 Particularly in this situation where the town
has

1 passed a resolution asking you to get involved, I don't see how
getting
2 involved is a violation of the law, particularly when the statute
that
3 Mr. Mahn mentioned, 7-86-306, states that the board has the
authority
4 to, quote, exercise all the powers and take all the actions
necessary,
5 proper, or convenient for the accomplishment of their purposes
6 enumerated in the statute, the Emergency Communications Statute.

7 What a Court will do with construing these
8 statutes, I cannot say, but I just think that you need to go with
what
9 your conscience says.

10 So I'm delighted that you agreed to reopen this
11 matter, and I would very much like for you to listen to our expert
then
12 make a decision on how this matter should be resolved knowing that
it
13 may end up in up and the courts will have to decide. Thank you.

14 MR. MAHN: Mr. Chairman, may I respond?

15 CHAIR PORTER: Briefly.

16 MR. MAHN: The reference to the board -- or
17 the town passing a resolution, that's what's required by this law.
And

18 we put that law in the law, I think it was very specifically for a
reason.

19 The only way a city and a county can come to you with a question is
by
20 written resolution so that you know with confidence that's what
this

21 town or this county government asks for. They're not coming over
by

22 unofficial delegations individually or collectively. So I think
that was in

23 there to do that.

24 And lastly, I would just encourage the board,

25 you know, to be most careful in this regard so you don't deter
cities or

1 counties from daring to ask you to check on 911 districts out of
fear if
2 they make a request they could end up subject to being ordered to
3 make payments of any amount that this board wants to order. I
don't
4 think that was the intent of that statute for that reason. I
suggest that's
5 not a statute on which to base your jurisdiction.

6 Lastly, I think it's important to note is that
as we
7 found earlier in this statute when it was first adopted, when we
tried to
8 apply the 911 service charges to the government, Senator Ray
9 Albright asked the attorney that preceded David Foller
(phoneticallyO

10 in Hamilton County, a state senator asked the question of the
attorney
11 general, can 911 put this charge on the Government? The law does
12 not expressly say that. The attorney general said, of course not,
when
13 you deal with cities and counties in matters of dollars it must --
14 taxation --expressly confer that authority. So we came back and
15 amended the section of the state law to include that specific
language
16 to address that.

17 And I say absent the specific language to order
18 a city or a county to make the payments, this board does not have
that
19 authority and I would hope would not attempt to assert it.

20 Thank you, Mr. Chairman. Thank you,

21 Ms. Questell.

22 CHAIR PORTER: Next we'll hear from our
23 expert, Mr. Curt Andrich.
24 What we'll do -- Lynn, is he going to give a
25 report to the board or ask questions of him?

1 MS. QUESTELL: I'm just going to ask him
2 questions for the record.

3 CHAIR PORTER: And then both of the other
4 parties will have a chance to ask questions of Curt, then, after
5 Ms. Questell gets through.

6 MS. QUESTELL: Thank you, Mr. Chairman.

7 What I'd like to do first is ask Mr. Andrich a
8 number of questions to qualify him as an expert to kind of give us
an
9 idea about his qualifications to actually discuss this matter and
his
10 experience.

11 He will most likely be the same person who will
12 be in Giles County and other places around the state, so I think
it's a
13 good idea, in any event, for everyone to appreciate how much he
14 knows about 911.

15 MS. QUESTELL: So, Mr. Andrich, do you have
16 any experience, education, training with regard to the cost of 911
17 services -- could you talk about, first of all, your education and
training
18 with regard to 911.

19 MR. ANDRICH: Yes, ma'am.

20 Just so you understand my background,
21 educational-wise I have a bachelor of science degree from Western
22 Illinois University in a completed unrelated field, it doesn't have
23 anything to do with public safety, that was back in the early '70s.

24 But training-wise I have been a -- I'm a retired

25 police officer from Farefax County, Virginia, retired there after
21 years

1 of services. And during that time about ten years of that was
involved

2 in emergency communications post, both working in the 911 center,
3 supervising the 911 center, and managing the replacement of
4 technology used in the 911 center out in the field, budget
preparations,

5 personnel staffing, just about anything that could be done in that
area.

6 Did that for approximately -- about ten years I was responsible for
that.

7 I retired from the police department as a
8 lieutenant in 2000 and joined a federal consulting firm where we
9 primarily worked on federal -- public safety communication type
10 projects. And I've been with the Kimball for about two and a half
years
11 now.

12 I'm located out of the Richmond, Virginia office
13 where I'm a senior consultant there. And I have worked on
numerous

14 projects around the Eastern United States where we have studied
15 consolidation of 911 operations between various municipalities
doing

16 cost benefit type studies to find out if it's something that makes
sense

17 for them to do. I've worked on staffing studies to determine what
the

18 correct levels of staffing earns so that in turn we could develop
19 budgets for these counties as they move forward. And I also taught
20 and made several presentations at both state, regional, and
national

21 conferences mostly the NENA and APCO on PSAP consolidation,

22 PSAP staffing, budget preparation, and also security type issues.

23 MS. QUESTELL: For the court reporter, do you

24 need the spelling of his name?

25 It's C-U-R-T, A-N-D-R-I-C-H.

1 And you are with?

2 MR. ANDRICH: L. Robert Kimball and
3 Associates.

4 MS. QUESTELL: Do you have experience and
5 training as to -- regarding the cost of 911 services?

6 MR. ANDRICH: Yes. I've worked on several
7 different projects where we tried to establish projected budgets
for
8 consolidation efforts, also when they were trying to upgrade
services
9 in different places so that they could then, in turn, you know,
develop
10 their budget, go to their governmental agencies, their legislatures
in
11 the various counties to make sure they could get the proper funding
in
12 setting the taxes, 911 surcharge rates and the whole process
involved
13 in that.

14 MS. QUESTELL: Are you a member of any
15 professional organizations with regard to 911?

16 MR. ANDRICH: Yes, I'm both a member of
17 APCO and NENA, active in both the national and international group.
18 I'm a member of the APCO Corporate Advisory Committee and also
19 active in the Virginia Chapter of APCO. That's my home group.

20 MS. QUESTELL: Have you done any research
21 regarding the cost of 911 services in the Johnson County Emergency
22 Communications District and in Mountain City?

23 MR. ANDRICH: Yes. Yes.

24

MS. QUESTELL: What kind of research did

25 you do?

1 MR. ANDRICH: On September 2nd I went to
2 both the Johnson County Emergency Communication facility and also
3 to the city hall center of Mountain City and did site visits to
take a look
4 at their equipment, to take a look at their operation, and also
talk to
5 them about -- you know, I interviewed Mr. Campbell from Johnson
6 County Emergency Communications District as well as the mayor and
7 the city recorder in Mountain City. I also spoke briefly with
another
8 person who used to be involved in the emergency communication
9 district a few years back.

10 Also I was able to obtain documentation that the
11 County ECD and the town had submitted all of these copies of
filings,
12 back budgets from the different groups that were presented to the
13 state board, and was able to review all of those.

14 MS. QUESTELL: After visiting Johnson County
15 Emergency Communications District, do you have an opinion on the
16 estimated annual value of the dispatching service that Johnson
17 County ECD provides to Mountain City?

18 MR. ANDRICH: Yes. Based on the type of
19 operation that -- and how I concluded this was, what it would take
for
20 Mountain City to do it, to, basically, dispatch services on their
own and
21 then kind of related that back as to what the value would be.

22 And based on that, if they had to take that over
23 immediately, they'd be immediately looking at the cost of salary
and

24 benefits for employees; utilities, different costs there; and also
25 specialized equipment contracts to maintain the 911 telephone

1 equipment. I was able to come up with a number that I felt
reflected
2 what it would be valued at this time.

3 MS. QUESTELL: And that would be?

4 MR. ANDRICH: That would be, as it says in the
5 report, \$115,120 annually.

6 MS. QUESTELL: And that would be
7 reoccurring and startup?

8 MR. ANDRICH: No, that would just be
9 recurring. That would be the recurring costs.

10 What was figured into this, to have minimum
11 operations 24 hours a day, seven days a week, they would need a
12 minimum of four full-time people to do that level of coverage.
13 Potentially that could be even more with a couple of part-time
people.

14 At four full-time people, you're talking no time
15 for training, no time for leave, no time for anything other than
being
16 there. So that could potentially end up being a little bit higher.

17 Utilities were looked at with an estimate of
what
18 the utilities for the building would be electric-wise, heat-wise,
and also
19 telephone services due to the specialized nature of some of the
20 telephone lines that would need to come in with the trunk lines,
and
21 then also the -- in the equipment maintenance, it included the
22 maintenance for telephone equipment that is fairly unique to 911,
that
23 provided, also, with mapping display type maintenance contracts

24 would have to be done, and figured that all into that.

25 MS. QUESTELL: And you actually wrote up a

1 report for us on this. And I'd like to put this into the record --
if we 2 could pass it down to the court reporter -- as an exhibit to the
3 transcript.

4 Also there's a pile of them right there on the
5 corner (indicating), and anyone is welcome to help themselves to
6 those. We will put this, eventually, on the website so that you-
all can 7 have access to those.

8 (Exhibit 1, written report, marked and
9 made part of this record.)

10 MS. QUESTELL: How much would it cost
11 Mountain City to start up its own dispatching?

12 MR. ANDRICH: If they were to -- if they start
13 from scratch and establish a mirror center to what the Johnson
County 14 ECD currently has, and I used that as a minimum standard, to bring
it 15 to that same level of service, same level of equipment that's

already in 16 place -- in Table 7 of my report I've outlined what it would cost
to do 17 that. It would be approximately about \$178,750 to purchase the
18 equipment, get it on line, get it installed, get the phone trunks
installed.

19 There would -- the Mountain City facility that
20 they have that they would propose to put this in, while it has --
appears 21 to have adequate space for the operation, it's going to need some
22 upgrades to the electrical system. You know, basically it's wired
to

23 commercial standards not public safety standards. There would also
24 be, in my mind, some questions as to the security of the building.
It's
25 an open building with the facility right up front behind a wooden
type

1 door. And I think there would have to be some upgrade there.

2 So in addition to the specialized equipment they
3 would need to buy and the phone lines that they would have to have
4 installed, there would be the upgrades to the facility that they
would
5 need. There's also -- the question in my mind, if there was enough
6 room in the building for the back room equipment, for all of the
special
7 system they would need.

8 MS. QUESTELL: So do you have a
9 bottom line amount of money that you think it would cost Mountain
10 City to do its own dispatching?

11 MR. ANDRICH: If you combined a combination
12 of the initial cost and the recurring cost, that initial cost plus
the
13 recurring cost, you're talking about -- it would be the addition --
putting
14 Table 7 and Table 8 together, which -- excuse my math it's not real
15 good, but it would be approximately \$300,000 in an initial startup.
16 That would be the initial startup of getting the equipment, get it
17 installed and that first year of operating expenses.

18 A time line to do that based on what it usually
19 takes to get this type of equipment ordered, manufactured, and
20 installed, at a minimum, from my own experience working with
21 different 911 centers around the East Coast would be a minimum of
22 six to eight months from the time they started the process. And
they'd
23 be incurring these costs for the equipment right up front. That
would

24 be an up front cost that they would have.

25 MS. QUESTELL: And that would be their own

1 independent dispatching so they would not be getting any money from
2 us under state law?

3 MR. ANDRICH: Right.

4 MS. QUESTELL: Okay. As compared to the
5 proposed Mountain City location where they might consider
6 dispatching, you also went and looked at the Johnson County ECD?

7 MR. ANDRICH: Yes.

8 MS. QUESTELL: Did they have a secure
9 operation?

10 MR. ANDRICH: It appeared that it was. It's in
a

11 building that is shared with the sheriff's department. So the
sheriff's

12 department has got some security built into the building as is.
The

13 area where the dispatch center is not a public area of the
building. It's

14 behind locked doors. There is a window that you can look into it
that's

15 basically like a service counter for the sheriff's department that
is

16 manned by sheriff department employees.

17 But it is in a secure room. The building
appears

18 to be, the electrical system at least to be the level of commercial
if not

19 a little bit more. It does have backup power. It's an appropriate
type

20 setting for a center.

21 MS. QUESTELL: And would you say that the

22 Johnson County Emergency Communications District operates

23 sufficiently from a financial perspective?

24 MR. ANDRICH: From looking at their budget

25 numbers that were submitted and their expenditures and everything,

1 and talking with Mr. Campbell, I'd say, yes, they are. We spoke
2 specifically about things like overtime, things like that. He uses
it very
3 judicially.

4 Looking at the expenditures that they had on
5 their submitted numbers that came to the board, there didn't appear
to
6 be anything out of the ordinary or anything frivolous, anything
like that.

7 It appears to be on good solid footing.

8 MS. QUESTELL: And they offer more than just
9 dispatching; is that not true?

10 MR. ANDRICH: Besides the dispatch services
11 for Mountain City that they're doing, they are also taking calls
for the
12 Mountain City Water Department after hours, calls primarily -- or
calls
13 for service on that. They're also handling the animal control
calls for
14 Mountain City.

15 Additionally, they monitor after-hour lines for
the
16 Mountain Electric Co-op and also for a private monitoring service.
But
17 those two services are also reimbursing -- paying of fee to the ECD
for
18 those services. It's not actual dispatch, but it's more of a --
when a
19 phone call comes in they page someone and that person actually
20 takes -- follows through on the call.

21 MS. QUESTELL: And they are providing EMD;

22 is that not so?

23 MR. ANDRICH: Right. The County dispatch
24 center and the ECD center provides Emergency Medical Dispatch,
25 which by the nature of the way EMD works it requires a minimum of

1 two people to be on duty in the center at all times. With EMD, the
2 people that aren't familiar with it, it's a process of giving pre-
arrival
3 medical instructions to the callers as the rescue squad or the
first
4 responders are responding. And the standard of it is that once the
call
5 starts, the call-taker really has to stay on the line with the
caller until
6 the appropriate people arrive on the scene to take over. And for
that
7 reason, to provide that service you have to staff at least two
people, a
8 minimum of two people at all times.

9 MS. QUESTELL: In Mountain City's motion for
10 reconsideration they suggested they might want the district to
provide
11 the relay method. Is that feasible in this situation?

12 MR. ANDRICH: No, I don't think it is. The
relay
13 method is -- well, I think it would add additional cost to the City
14 because they are going to have four, basically, full-time people to
staff
15 their center. In addition, it doesn't give the ECD, the county ECD
any
16 relief because with the relay method the county center is still
going to
17 be taking all the calls, basically, you know, transcribing it, and
then
18 calling the Mountain City center to relay that information to them.

19 From an operational standpoint I think there's
20 some problems with that. And from what I've seen, you know,

21 nationwide working with NENA, working with APCO, the relay method
22 is usually a last resort backup method that's used, especially like
if
23 one 911 center is taking over for another 911 center due to some
type
24 of catastrophe that they can't get calls received.
25 MS. QUESTELL: One of the previous possible

1 solutions to this controversy was to try to figure Mountain City's
2 contribution based on the number of calls. And to their credit,
they
3 were willing to do that. Do you have some thoughts about the
4 reliability of the statistics used to count the calls?

5 MR. ANDRICH: The call counts that I was able
6 to obtain from the Johnson County Emergency Communications
7 District -- and, you know, this is in no way to belittle the effort
that they
8 put into this because I think with what they had to work with they
did a
9 very good job -- are basically hand tabulated. The numbers are
10 kept -- are basically based on the calls that came into the center
that
11 generated an actual response where a fire unit, a law enforcement
12 unit, an EMS unit was actually dispatched on the call. They don't
13 actually reflect the total number of calls. They don't account for
the
14 administrative calls coming in, the non-emergency type calls, the
15 water line calls, different things along those lines.

16 So, you know, while they have done a very
17 good job to try to keep track of it, they really need a -- Mr.
Campbell
18 had told me that they do have the system there. They're trying to
get it
19 operational -- is an automated call management system, you know,
20 call information system that tracks the different phone calls.

21 Part of the problem is when we compared the
22 numbers that Mr. Campbell had for the calendar year 2003, those
23 numbers suggest that the City accounted for over 60 percent of the

24 total calls for service that were processed by the ECD. For the
first

25 four years of this month it goes the other way, that the City
accounted

1 for about 35 percent. And in my view -- you know, again, not to
say
2 that these numbers aren't accurate, but I don't think it's enough
3 statistics, what I'd say is reliable statistics to set a formula at
this point.

4 I think through the use of the call management
5 system that we have accurate counts coming in on each of the
6 different types of trunk lines -- they can partition it out that
it's a
7 non-emergency line, especially with the water line that comes in, a
8 separate line. I think they can come up with a -- once that system
is
9 fully operational, I think it will be a very good tool to keep
track of the
10 call counts.

11 They're also working on obtaining a grant to
12 install a computer-aided dispatch system at the county center,
which
13 would also greatly help in that because that would be able to
generate
14 actual call numbers of each individual agency that they dispatch
for.

15 I think the problem right now is that the
16 numbers that we do have just aren't reliable enough to use to try
to set
17 the formula at this point.

18 MS. QUESTELL: So if the board wanted to
19 reconsider its decision and request Mountain City to make a payment
20 based on the call count, how long of a time span of statistics do
you
21 think we would need to measure that count once we got this thing up

22 and running and actually counting accurately?

23 MR. ANDRICH: I think for a really accurate

24 count, and to take into account the seasonal nature of a lot of
different

25 problems, I'd say a minimum of one year of a total of good numbers

1 would be needed before a formula could be built. I think that
would be
2 just good common sense. We don't want to base it on three year --
3 you don't want to do anything too long because we don't want to
4 prolong this. But at the same time, if we go too short, I'm afraid
we
5 may not get a really accurate picture of what the call counts are.

6 MS. QUESTELL: Do you have anything else
7 that you would like to add?

8 MR. ANDRICH: Just would kind of like to add, I
9 think the parties involved that I talked to do seem willing to want
to
10 work for a reasonable solution to this. I think they're looking
for some
11 direction on what that reasonable solution is.

12 The other thing that I think really needs to be
13 done here, and this would kind of, hopefully, prevent this
situation
14 from occurring in the future, is there needs to be a good, strong
15 inter-governmental agreement between all the different parties in
this.
16 Right now there's nothing in writing, you know. It has worked in
the
17 past, and unfortunately sometimes -- you know, you hate to have to
18 put everything in writing and you can't take it on a handshake, but
at
19 the same time, I think if all the different agreements, formulas,
after
20 that's decided what would be used, to put all of that into a
writing sort
21 of agreement that would be reviewed on a regular basis to make sure

22 that it's still applicable. I think that would probably do a lot
to try to

23 keep this -- prevent this situation from happening in the future.

24 MS. QUESTELL: So in your discussions with

25 the parties here, you got a distinct impression that they really
would be

1 willing to come together if we could kind of --

2 MR. ANDRICH: That seemed to be the
3 impression I got, yes.

4 MS. QUESTELL: Did you get the impression
5 that, notwithstanding their emotions, Mountain City did not really
want
6 to do it own dispatching?

7 MR. ANDRICH: That seems to be what I felt.
8 They really were looking for a reasonable solution. I think they
9 understand what the additional cost of that would be in this
situation.

10 MS. QUESTELL: Mr. Chairman, that's all the
11 questions I have at this time. I welcome any other questions you-
all
12 might have.

13 CHAIR PORTER: Let's go around the room.

14 Mike, do you have any questions?

15 MR. MAHN: No, Mr. Chairman.

16 CHAIR PORTER: Does the District have any
17 questions?

18 MR. CAMPBELL: No.

19 CHAIR PORTER: Board members, do you
20 have any questions? Any questions of Curt?

21 Great job, Curt. Thank you for doing that.

22 Okay. At this time, then, I'm going to give
about

23 five minutes to --

24 Curt, could you come back up?

MR. ANDRICH: Yeah.

1 MR. HAYNES: Mr. Chairman, I just thought it
2 would be important to be on the record, which will be around long
after
3 Counsel Mahn and Randy Porter and Anthony Haynes are all gone,
4 and even Curt and all the members, but I just want to get on the
5 record that at any time in communications with the state board and
6 staff, the members, in any way do you feel like your evaluation was
7 coerced, directed, or lead today --

8 MR. ANDRICH: No.

9 MR. HAYNES: -- to have you come up with the
10 answers or outcome?

11 MR. ANDRICH: Not at all. And I have to
12 commend the parties of Mountain City and Johnson County on being
13 open and honest and candid with me. I think that really helped me
put
14 together a good analysis of the situation.

15 MR. HAYNES: Thank you.

16 And thank you, Mr. Chairman.

17 CHAIR PORTER: Curt?

18 MR. ANDRICH: Yeah.

19 CHAIR PORTER: One other question --

20 MR. ANDRICH: Sure.

21 CHAIR PORTER: -- along that line. Did any of
22 the Mountain City folks contact you on the side or any of the board
23 members --

24 MR. ANDRICH: No. No one. No contact. The
25 only contact I've had was with Ms. Questell.

1 MEMBER MOODY: Could I ask?

2 Did you have any contact with any of the
3 members of this board?

4 MR. ANDRICH: No. Well, the initial meeting
5 with Mr. Porter when we first came on line. And that was just kind
of a
6 kickoff to the whole project, the Tennessee contract.

7 CHAIR PORTER: Any other questions?

8 I'm going to give each counsel about five
9 minutes to make a closing statement and let the board go into our
10 deliberations and we won't need any rebuttal to closing statements.
11 Each one of you has got five minutes.

12 Since Mike went first the other time, Lynn, do
13 you want to go first this time?

14 MS. QUESTELL: Thank you, Mr. Chairman.

15 I would like to ask the board to really give
some
16 thought to trying to help the parties to reach a decision that they
can
17 all live with.

18 Mr. Mahn makes a very good point, that this is
19 an open question as far as whether it's appropriate or not under
these
20 circumstances to actually order a county or city government to come
21 before -- under 7-86-312 to make a payment. It is an unanswered
22 question.

23 It might be a good way to consider dealing with
24 this if you were to have Mr. Mahn go back to Mountain City and have

25 them make a choice whether they would continue payment at the level

1 that they are supposed to be paying now, 60,000, which under the
2 expert witness testimony is a great bargain because he's placing
the
3 value at somewhere around 115,000, to make those payments while
4 we actually conduct a really valid statistical survey over a period
of a
5 year to actually get the call numbers and get really reliable call
6 numbers, which they have themselves agreed to pay on occasion
7 previously before to pay.

8 So if they could make their payments while we
9 actually conduct a valid statistical analysis, which Mr. Andrich, I
think,
10 with the board's permission, could help them kickoff and get
11 everything in place to do. Then everyone could be well served I
think.

12 But I think Mountain City should be given the choice to agree to
that or
13 to continue -- just continuing with your order.

14 But I would like to see them being given a
15 choice. They've already requested an analysis based on the call
16 volume. And if you can work it out, I would recommend that we just
try
17 one more time.

18 Thank you.

19 MR. MAHN: Mr. Chairman, the remarks of
20 general counsel are very well stated. I would, certainly, in
whatever
21 manner is possible seek to facilitate a local resolution of this.
I think
22 we agree that when agreements are made locally they stick better

23 than if they're imposed upon on the local parties. And I'd be
willing to

24 relate that if that's the decision of this board.

25 And I don't need to restate what I've previously

1 stated regarding the application of the state and the limitations
of the board's authority. Thank you.

3 CHAIR PORTER: Do you-all have anything you
4 want to say?

5 MR. CAMPBELL: I just want to add that Sprint
6 has been working with our system the last couple of weeks and they
7 think they have it up and running to do the call counting.

8 And also, I've asked for a small payment from
9 Mountain City while this continues and they have not given us any
10 money this fiscal year.

11 CHAIR PORTER: Is there questions of the
12 board members of either Mr. Mahn or the District before we go into
13 deliberations?

14 MEMBER BEEHAN: Question for Mr. Mahn,
15 I'm curious as to why the local officials didn't come to this
meeting because it is a legal issue but it's also a political issue.
16 Political
17 leadership -- if this were in my town you might be representing me
but I'd be sitting right next to you cause I think the issue is well
18 stated by
19 Lynn, it's a local issue. Can you comment on that?

20 MR. MAHN: I would say that there's no
21 disrespect, whatever, intended. The whole town council would have
22 come forward if they thought it was appropriate. I think they were
23 under the impression this was a procedural issue at this time.
It's a

24 pretty good drive from Mountain City, as we all know. But no
25 disrespect by any means was intended. And I think your consultant

1 emphasized the good faith of all of the local parties in this
regard.

2 And I think that -- but I would say that the
3 reason they didn't come was they thought it wasn't necessary since
it
4 was just -- as lawyers would say -- a procedural consideration at
this
5 point.

6 MEMBER BEEHAN: My other question is, do
7 you represent both organizations?

8 MR. MAHN: No, sir.

9 CHAIR PORTER: Any other questions?

10 MEMBER PURKEY: Mr. Chairman, one
11 question for either Eugene or Mr. Mahn. Do you know if Mountain
City
12 appropriated an amount in their '05 budget for the district?

13 MR. CAMPBELL: For the current budget
14 25,000.

15 MEMBER PURKEY: 25,000 is what they
16 actually appropriated. And they've not released any of that for
you?

17 MR. CAMPBELL: No. I've asked for some of it
18 and they've refuse to give any amount.

19 CHAIR PORTER: Other questions of the board
20 members?

21 Without the City's money is there going to come
22 a point in time in this fiscal year that you're going to get into a
financial
23 shortfall by not getting the City funding?

24

MR. CAMPBELL: Yes.

25

CHAIR PORTER: Do you have any idea about

you 1 when? Is there kind of a red date that's going to come up? Can
 2 give me an idea of when that might be?

 3 MR. CAMPBELL: I hadn't figured a red date,
 4 but I would think it was sometime during probably the third
quarter.

 5 MEMBER BEEHAN: Another question of Mike.
 6 There's a comment in here, a finding of the
the 7 consultant that the Town is concerned that its residents, not only
 8 town taxes but also the county taxes, feel they are paying for
services 9 several times over. Can you comment on that?

 10 That's the kind of question I would have like to
 11 have asked --

 12 MR. MAHN: Yes, sir, and the kind of question
 13 is -- my background is county attorney for 15 years, still. I'm
prepared 14 to or am familiar with that issue, but I had not in my initial
comment 15 gone further than just the question, you know, the matter of
 16 jurisdiction, as I've stated. With permission of the Chair, just
offering 17 in a personal capacity based on my experience that --

 18 MEMBER MOODY: May I interrupt? Are you
 19 saying that what you're saying is that this would be Mountain
City's 20 position?

 21 MR. MAHN: No, it would not be. It would be
 22 Mike Mahn's --

23 MEMBER MOODY: Is that relevant?

24 MEMBER BEEHAN: Well, it will be for the

25 deliberations. For my part of the deliberations it would be.
That's why

1 I was hoping the local --

2 CHAIR PORTER: Do you want his personal
3 opinion?

4 MEMBER BEEHAN: Would your personal
5 opinion come close to representing Mountain City?

6 MR. MAHN: That would be speculative. But I
7 would think it would be consistent because it is related to the
overall.

8 MEMBER BEEHAN: I would like it.

9 MR. MAHN: We go back to the statute, and
10 that's what makes it relevant. We go back to Chapter 86, your
11 charter. And there's a magic phrase in there that some good mind -
-
12 not mine by any means -- inserted when it was first initiated, and
it
13 said, talking about the 911 service charge in a district, shall
have
14 uniform application throughout the district. Which means once you
set
15 up a district there are no boundaries. If it's a county wide
district there

16 are no municipal boundaries and every citizen in that district is
entitled
17 to equal treatment from the district.

18 That's why it's sometimes frustrating. I spend
19 more time with districts than I do with towns and cities when
20 municipalities choose not to support even though it's in their
financial
21 interest, maybe, for them to do so. And I don't have to tell you,
that's a
22 matter for a local government to have to work out among themselves

23 and the quality of life, which I think ultimately the people of the
24 community will resolve through the electoral process.

25 But a district has to treat to all citizens
equally

in 1 and it would be -- to impose a burden on one part of the community
you 2 addition to what they're paying through the 911 service charge is,
think, a 3 know, an often valid argument of double taxation, which is, I
4 fair consideration in this matter if you could assume that
jurisdiction 5 and even order that.

6 CHAIR PORTER: And I might add too, one
7 thing we don't want to lose sight of is in our statute we're
talking about 8 providing 911 services, not dispatching.

9 MR. MAHN: That's correct.

10 CHAIR PORTER: And I think we've got to keep
job 11 those two separate. Johnson County I think is a doing a very good
12 of providing 911 service to the whole county, they don't care where
13 you're at. I think what you're talking about here today is more
14 dispatching than it is 911.

15 Other questions?

16 MEMBER BEEHAN: Randy, you're saying the
17 money that is allocated by Mountain City is not for 911 than it is
for the 18 dispatching of water --

19 CHAIR PORTER: Well, it is for dispatching
20 emergency services after the 911 calls come in. Am I stating that
21 correct, Eugene?

22 MR. CAMPBELL: I'm not for sure if that's what
23 was set aside for the -- after the call or for dispatching.

24 CHAIR PORTER: But you'd be providing not

25 only answering the 911 calls of Mountain City, you'd be providing
the

1 dispatching for Mountain City also whether you dispatch for the
police,
2 the fire, water, the bomb threats, animal control; that's for the
whole
3 package?

4 MR. CAMPBELL: Yes.

5 MR. HAYNES: Mr. Chairman, can I raise a
6 point of order. I just conferred with counsel about this, and I
think
7 Mike makes some very articulate arguments, although this, I don't
8 see -- he and I don't see eye to eye on a lot of things, but that
doesn't
9 mean he's right or I'm wrong. But I think it's very important to
note on
10 the double taxation issue, the 911 fee, by this same authorization
11 statute that Mike cites is declared a fee. And we're talking about
12 dispatching fees. Which by law under that same Chapter 86 statute
13 nowhere are these things mentioned as taxes.

14 Now, if either one were a tax, a dispatching tax
15 or a state 911 tax, it would be a whole different ball game. But
then
16 you would even get on the grounds of arguing, okay, the State of
17 Tennessee by collecting a seven and a half percent sales tax is
going
18 to have to fight the City of Oakridge over the two and a half sales
tax
19 they add on to it because it's double taxation.

20 So -- I would also add that setting up a 911
21 district is not necessarily what counsel represents. It's there to
stay.

22 Unlike in a commonwealth and other type of -- there's only one
entity

23 that can exist constitutionally before the United States
Constitution,

24 that is the states and all municipalities, whether it's the utility
districts,

25 911 districts, or the City of Oakridge is chartered by the state to
exist.

1 That doesn't mean we're going to say who exists and who doesn't
2 exist, but I think for a matter of an accurate record we need to
state
3 these things.

4 But one thing I want to emphasize today to
5 address some of things Mr. Mahn's issues, is that this is not a
tax, it's

6 fees. And districts, by law, are allowed -- surcharges. If we
change

7 laws where it's a tax, then you and I will have to start dealing
with that.

8 But we fight telephone companies, wireless companies when they

9 come and put a 911 tax on the bill not because we want to -- we
don't

10 care whether or not they're mad at us, we know that at some point
in

11 time we're going to step on each other toes, it's just doing
business,

12 but we don't want to cause problems to jeopardize support between

13 the customer or part of the public and the local 911 district by
saying

14 there's another doggone tax on my telephone bill.

15 So I'm very sensitive as your executive director
16 to construing anything about a 911 fee, surcharge, or maybe what a
17 district is permitted to charge as fees by law as a tax until the
law is

18 changed and is declared by the State of Tennessee General
19 Assembly that's a tax.

20 Thank you for indulging me.

21 CHAIR PORTER: I've had a request from one

22 of the board members that we take a break, a quick break. One
thing

23 I'd like to remind you, do not discuss this matter during break
until we

24 come back and do it in a public meeting after the break.

25 I also have a request of the audience and the

1 board members that, can you put your cell phones on vibrate or some
2 kind of silent mode so that we won't be disturbed in our meeting
with
3 the cell phone going off? The would deeply help me and I think a
lot
4 of the board members and the audience to not be disturbed by a
5 phone.

6 MEMBER BEEHAN: Before we take a break,
7 I'd like to talk about what Anthony said. I understand what you're
8 saying, the legality of this, but if you sit as a local official
sometimes
9 you don't make those distinctions, we're dealing with the political
issue
10 and that's why -- it was in the findings, that's why I brought it
up. I
11 think we're dealing with more than just the legal nature and I'd
like to
12 see us deal with that.

13 CHAIR PORTER: Any other questions of
14 Mr. Mahn or the District?

15 When we come back we'll go into our
16 deliberations. We'll take a ten-minute recess.

17 (Break in the proceedings.)

18 CHAIR PORTER: The board will now go into its
19 deliberations on the request for the reconsideration -- where's
Lynn?
20 We're waiting for counsel. Okay.

21 The board will now go into its deliberations in
22 the Mountain City issue. Let me see if I can kind of summarize a
little

23 bit in the hopes that somebody will make a motion.

24 There's probably about three options, maybe,

25 on the Mountain City thing. You can vote to leave the order just
like it

1 is. And the order is that they pay \$60,000 a year for the
dispatching
2 services.

3 There is they could set their own dispatch up
4 and have the Johnson County 911 district transfer the 911 calls for
5 Mountain City to Mountain City. Or they could work out an
agreement
6 after there's a sufficient amount of time of call data and let the
district
7 and the City and County get together and work out something based
8 on call volume.

9 So the board is open for discussion or motions
10 as far as the Mountain City issue.

11 MEMBER BEEHAN: I'm not happy with the
12 situation that we have trying to mediate the local political
situation, but
13 it's here. And I know in the past this board has helped and gone
out,
14 and I think we've done that in this case.

15 One of the things I would like to see us discuss
16 is the possibility of -- whatever we do, that there be mediation
taken. I
17 don't know what the correct verbiage would be, but that we order
18 mediation. Is that the appropriate term?

19 Because this is local issue, and us ordering
20 someone to pay a certain amount is really not going to totally fix
the
21 situation where people are calling 911 and asking -- or needing
help.
22 The local officials need to work together. So I wonder if there's
some

23 way which we could put mediation into this.

24 Counsel, would you -- is there a way to do that?

25 MS. QUESTELL: It would be my suggestion

1 that Mountain City be offered three choices. They can pay the
2 \$60,000 that was ordered previously; do their own dispatching; or
get
3 the statistics over a period of a year and base their payment on
that
4 with mediation, and during that year they pay the \$60,000
contribution.

5 CHAIR PORTER: Other discussion or motion?

6 MEMBER MOODY: Mr. Chairman, in view of
7 the recommendation of our legal counsel, I'm going to move that
these
8 three options be made available to Mountain City as the part of the
9 order from today's action.

10 CHAIR PORTER: Do I have a second?

11 MEMBER BILBREY: I'll second.

12 CHAIR PORTER: A motion by Ms. Moody and
13 a second by Mr. Bilbrey. Any discussion?

14 MEMBER BEEHAN: We send these three
15 options, we ought to have a time line when they get back to us.
That

16 needs to be part of it. I don't know how that would --

17 MEMBER MOODY: Could -- would you want to
18 include a tie in this motion that that be included as part of the
order?

19 MEMBER BEEHAN: That would be my
20 thought.

21 MEMBER MOODY: What would you --

22 MEMBER BEEHAN: Like within 45 days they
23 could get back to this board which one they choose.

24 MEMBER MOODY: I'll include that in my
25 motion.

1 CHAIR PORTER: Is that okay, Charles?

2 MEMBER BILBREY: Yes, that's fine.

3 CHAIR PORTER: Discussion?

4 Everybody understand the motion?

5 MEMBER LOWERY: I think we need to sure
6 that we understand that our obligation is for 911. We're not
obligated,
7 technically, if I'm right, but really the dispatch issue is their
issue, not
8 ours. And the motion certainly stands in order and hopefully this
will
9 get resolved.

10 The other thing I was going to suggest is
11 Mountain City pay for dispatch and Johnson County and 911 pay for
12 three, whatever that figure comes out of be. I have no idea if
it's close
13 to 60 or even in the ball park. But I don't see that we, our
board, can
14 be sure that Johnson County 911 is taking care of the 911 part of
it
15 and Mountain City could choose to do their own dispatch. I guess
they
16 could. Mountain City -- Johnson County 911 would have to transfer
17 the calls and get back to the fees. I don't think we would want to
18 recommend that they do the relay method.

19 I've been involved in Johnson County since the
20 creation of their district over there because Sullivan County
borders
21 Johnson County. In the public hearings in the very beginning, a
long
22 time ago, the big issue was the addressing. They got through that

23 issue. So now we're back to another issue there. And I think it's
24 strictly local and political and hopefully they can resolve it, not
us.

25 But I thought it was important to mention about

1 the dispatching because if Mountain City wants dispatching so be
it.

2 CHAIR PORTER: And I agree with that. They
3 asked us to get involved in this, so I think that's where our
authority
4 comes from is when they ask us to get involved. We didn't go up
5 there asking to get involved.

6 MEMBER PURKEY: Mr. Chairman, one brief
7 comment. I had either voted against or sustained from the original
8 order because of the limited nature of it to require them to pay a
9 certain amount. But I'll be voting for this motion because it
gives them
10 more alternatives.

11 And I really wish, and some other districts have
12 done this, that they would look at the simple model, I think
there's
13 seven dispatchers. If the City paid for three and the County paid
for
14 four, that would be less than the 60,000, but it would still be
something
15 that they could hang their hat on without getting into any
squabbles
16 over certain amounts.

17 Regardless of what they do, they're going to
18 have to provide four dispatchers. I've heard that from our
consultant.

19 I really wish that they would look at other alternatives so it
doesn't

20 come up every year about the monetary part of this. But I think
this is

21 a good motion.

22 MEMBER BEEHAN: I voted against this last
23 time because of the city issue, but I agree with you, David, that
is
24 something that should be worked out locally. I would vote for it
also.

25 MEMBER RICH: Mr. Chairman, we're extended

1 45 more days now and they were supposed to pay \$60,000 and they
2 haven't paid any and we're leaving Eugene kind of hanging out again
3 without any money coming in for the next 45 days from the city.

4 CHAIR PORTER: He felt like that he'd be okay
5 to the third quarter, I believe that's what he said. That gives us
6 another board meeting, the November board meeting. If we have to
7 take some other kind of action or do something we could before he
got
8 into a situation. I think we have to be reminded of that. We
don't want
9 to put Johnson County into financial debt.

10 And I would hope that the district understood
11 that if it gets to the point in the next 45, 60 or whatever that
you get it --
12 make sure you notify staff here and that they know about it in time
so
13 we can do something if we have to.

14 MEMBER LOWERY: We don't want another
15 Jackson County deal after the fact.

16 CHAIR PORTER: Other comments,
17 discussion?

18 I'm going to try to restate this the best I can.
19 We have a motion and a second that we rework the Johnson County
20 order to give the Mountain City three options. One is to pay the
21 \$60,000 a year for the dispatching services that the Johnson ECD is
22 providing them. Two is to set up its own dispatch and Johnson
County
23 use the transfer method to transfer the 911 calls to them. Or
three,

24 using the call data volume and mediation and working with the
25 District -- the City and County district work together through
mediation

the

1 to try to resolve this issue on their own. Is that correct?

2 And to pay that 60,000 -- in the third option,

3 mediation and the call volume, but in the meantime they pay the

4 \$60,000 annually until they work out something.

5 MS. QUESTELL: Or the pro rata depending

6 upon how long it takes.

7 CHAIR PORTER: Does everybody understand

8 the motion?

9 MEMBER MOODY: And they're to report back

10 within 45 days as to which option they've selected.

11 MEMBER LOWERY: Do we need to break that

12 \$60,000 out? That's the deadlock already what they need to pay.

13 MEMBER BEEHAN: Within 45 days they're

14 going to have to decide.

15 MEMBER LOWERY: Well, I thought we said

16 we couldn't tell them what they had to pay.

17 MS. QUESTELL: That would be one of the

18 choices that they would make, so you would be not telling them what

19 to do, you would be having them choose which one they wanted to do.

20 CHAIR PORTER: Anthony suggested we make

21 that 45 calendar days.

22 Any other discussion?

23 MEMBER RICH: It bothers me a little bit

24 Mountain City appropriated \$25,000 in their budget and they still

25 haven't paid any part of that to him. And he is providing service

1 already through the months of this year.

2 CHAIR PORTER: Anything else?

3 All in favor say "aye."

4 THE BOARD: Aye.

5 CHAIR PORTER: All opposed like sign.

6 Motion carries.

7 Lynn, you want to draft up the necessary
8 paperwork?

9 MS. QUESTELL: Yes.

10 CHAIR PORTER: Okay. Next item on the
11 agenda is to consider a rate increase request for Hamblen County.

12 Jimmy, if you folks for Hamblen County would
13 come forward.

14 MEMBER PURKEY: Mr. Chairman, for the
15 record, after consulting with our general counsel, since that is my
16 home county and I appoint the board members that serve, I'd like to
17 recuse myself from voting.

18 CHAIR PORTER: Let the record show that
19 Mr. Purkey has recused himself since he's the county executive in
20 Hamblen County.

21 Who is going to be the spokesman?

22 Okay. Would you introduce yourself and
23 introduce your other folks that you have with you.

24 MR. FORD: Thank you, Mr. Chairman. My
25 name is Stancil Ford, the chair of the board. On my far right we

have

also 1 Bill Honeycut, who is the fire chief of the City of Morristown. We
Hamblen 2 have Eric Carpenter, who is the EMA director for Morristown,
the 3 County. On my left we have Roger Overholt, the chief of police for
4 City of Morristown. And we have to my far left Jimmy Peoples, our
5 director.

6 CHAIR PORTER: Thank you, Mr. Ford.

7 For your benefit as to how this will go, our
8 auditor/accountant, Don Johnson, will provide us a with a -- we've
got

9 a packet, each one of the board members has a packet. He'll
briefly

10 go over the numbers in that packet. After we've done that, then
you'll

11 have five, ten minutes, whatever you need, to present anything that
12 you'd like to the board to hear, any comments for the board. And
then
13 the board will go into its deliberations and decide on it.

14 So, Mr. Johnson, do you want to give us a brief
15 overview of Hamblen County?

16 MR. JOHNSON: Thank you, Mr. Chairman.

17 You have an accounting, you have a case study
18 in front of you. I'm just going to go over a brief history on
them, what
19 they sent in with their application.

20 Their director is Mr. Jimmy Peoples. They have
21 a population as the 2000 census of 58,128. According to that
they're
22 ranked 19th in the state. They have a budget level, as of 2004, of

23 850,176. And according to our tier level, they're a Tier III
district.

24 They're coming here to apply for a rate
25 increase. They want to do it in two phases. For fiscal year 2005
they

1 would like to increase their rates to a dollar for residential and
2.50 for
2 business effective December 1st, 2004. And then their second phase
3 will come in in fiscal year 2007. Which they would like the raise
their
4 rates to \$1.25 residential and \$2.75 business effective July 1st,
2006.

5 They want this rate increase -- their
justification

6 for it is to fund adequate personnel training and equipment year
after
7 year. They had a public hearing on April 23rd, 2004 and there was
8 one present and no questions were asked at that public hearing and
9 the public hearing was adjourned.

10 And as far as their current rates, when they
first
11 started from January of 1990 to January of 1995, they had a
12 residential rate of 43 cents and a business rate of \$1.33. Then
the
13 second time they increased their rates from February 1995 through
14 June the 3rd -- I mean, June 2003, they had a residential rate of
56
15 cents and business of \$1.70. Then the last time they increased
their
16 rates was July of 2003 to what they have now. They currently have
it
17 at 65 cents residential and business of \$2.

18 If they were to get this rate increase their
first
19 year, fiscal year of 2004 and 2005, they would have additional
revenue
20 of 82,412. And in their Phase II phase would be fiscal year

21 2006-2007, they would have an additional revenue of 204,792.
22 One of the things that they want this rate
23 increase for is to use it for dispatchers. Because right now in
24 Hamblen County and the City of Morristown provide salary benefits
for
25 four dispatchers.

1 They do not plan to purchase any equipment.

2 So the rate increase is not for that. It's basically for the
operation of

3 the district.

4 Currently they have one director. They have

5 one administrative assistant, ten full-time dispatchers, and five

6 part-time dispatchers. And as you can see in pages 4 through 6,
they

7 give you a chart of call volumes for each agency they support.

8 As far as if this rate increase is rejected, one
of

9 the things they would probably have to do is cut back on their

10 dispatching, as far as their dispatching positions. They have one
debt,

11 well. a bond indebtedness, and that's on the building. And it is
set to

12 mature June the 21st of 2005. And the note balance right now is

13 44,581.92.

14 They have five 911 trunks and 13 administrative

15 lines. Currently they have a total of residential customers of
21,904

16 and total business customers of 7,369, which gives a total of

17 customers of 29,263.

18 Page 11 gives you a comparative of revenue

19 through the years from 1999 to 2003 which comes from their

20 independent audit report. As far as the findings from those

21 independent, there's been -- in fiscal year 2003 they didn't have
any

22 findings. In fiscal year 2002, one year later -- one year before,
they

23 had a finding of overexpenditure of budget. So that's been
corrected.

24 If you look on Table 6, their five-year
projection,

25 in that five-year projection it shows that they expect to do their
Phase I

1 commencing on December the 1st of 2004 with a dollar residential
2 and the \$2.50 business charge. And also, Phase II starts in fiscal
year
3 2007 -- actually beginning July 1st, 2006, with the residential of
\$1.25
4 and business \$2.50.

5 In the first year of fiscal year 2005 the
projected
6 increase from 331,908 (without the increase) to 414,320 with the
7 increase. Which would be an added increase of 82,412. The
district
8 expects a change of net assets of 32,388,

9 They also have an interlocal agreement with the
10 County and the City of Mountain City (sic) and fiscal year 2006
they
11 expect -- well, their expected increase would be 123,792. And that
12 income would be 2,971. And they expect to continue that net income
13 through 2009 at 3,199.

14 And Table 7 is what the ECB staff analysis is.
I

15 put in the same time period that the district did. But one
difference is

16 the revenue numbers for landlines, I used their current number of
17 subscribers and plug in the rates beginning in fiscal year 2005.

18 You don't have that?

19 Well, it's 6. Sorry, it's 6, Table 6.

20 MR. HAYNES: I think we just need to note for
21 the record that there is a couple of Table 6 because of the
formatting
22 of our new program. I think Don is referencing page 17.

23 MR. JOHNSON: Yes.

24 When I plug in the same rates and numbers I

25 come up with the district having a positive change of net assets of

1 2,218 in fiscal year 2005 and a net change -- a change of net
assets of
2 29,075 for fiscal year 2006. And when they begin Phase II, July
1st of
3 2006, that would be the 1.25 residential and 2.50 business, the
district
4 is projected to continue with that positive change of net assets
through
5 2009 at 57,747. The ending net assets for fiscal year 2009 is
6 projected to increase to 849,612, the ending cash projection at
7 764,510.

8 And that's all I have, Mr. Chairman.

9 CHAIR PORTER: Let the record be corrected
10 that we don't have Mountain City it's Morristown.

11 Questions of Don on his numbers?

12 Hearing none, at this time, Anthony, do you
13 want to address the site visits?

14 MR. HAYNES: Yes, sir. Because of our
15 termination of our contract with Rex Holloway there were only just
a
16 few hours left of it and since we were putting out an RFP for
technical
17 consultant services, he ended June 30 and there was a lengthy
period
18 of time between the RFP process and Kimball and Associates was
19 chosen and had a contract and was received back from the
20 Department of Finance and Administration. So with that delay it
gave
21 us just a few weeks before we started working with Kimball and
22 Associates.

23 So what I propose to the board this morning so
24 that we treat all districts equally but also from a fairness
standpoint
25 and not to try to penalize the district, that today if you elect --
well, all

and 1 of these districts should have a technical site visit by Kimball
2 Associates. And we can begin doing those maybe as early as next
3 week.

4 But with that said, if you elect to approve any
of 5 these today, you could condition that approval on a satisfactory
site 6 visit from a technical review standpoint as all 20-some-odd 911
7 districts have had in the past in getting rate approval. And then
they 8 can report back to me that satisfactory approval and we'll have a
9 report with the file with this case. And if there's a matter where
we're a 10 little uneasy or uncomfortable about something, I can report back
to 11 the board at the November meeting and let you take any action you
12 might decide at that point.

13 CHAIR PORTER: I think that sounds good.
14 And one thing I will say, we have three rate increase requests
before 15 us today, but two of those, Hamilton and Hamblen, I actually had
16 visited back a couple of years ago. Hamilton when they were
looking 17 to do a rate increase back then, then they backed out and said they
18 were not going to do it.

19 But when we were up doing Cocke County I
20 actually went by and visited with Jimmy and we got a tour of his
21 operation. And I'll have to say, he's got a Class A operation up
there. 22 I was very impressed with the center and what he's doing.

23 So if that helps the board any. That was a
24 couple of years ago and I just didn't feel comfortable presenting
you
25 with data from two years ago when we can get up-to-date information

1 from our new technical consultant.

2 Do we need a motion about the district or can
3 we address that when we do the motion of the rate increase?

4 MS. QUESTELL: I think I would advise you to
5 address that in each motion with your rate increase .

6 CHAIR PORTER: All right, Mr. Stancil.

7 MR. FORD: Mr. Chairman, thank you again for
8 allowing us to be here today.

9 As you look back, I'd like to give you a brief
10 overview of what's taken place since our inception of 911 in 1990.
11 The board was organized in 1988. I became chair of the board at
that
12 time and have served since as chair of the board till now.

13 We've had an outstanding organization. I
14 guess, in sitting and hearing some other things here this morning,
15 we'd like to say this, when we came on line we had a inter-
government
16 agreement with the City and the County. Prior to 911, the County
had
17 four dispatchers, the City had four dispatchers. We had an
agreement
18 that the City and the County would continue to fund those four
19 dispatchers.

20 That's what happened since 1990. Each year,
21 each government body funds the four dispatchers and the 911 center
22 funds all remaining costs.

23 But we've got an outstanding working
24 agreement with the City and the County. We've never had the first

25 problem since day one of any type of problems between -- arguing

1 between City and County. It's been a prime operation.

2 And our county mayor -- I'd like to say a word,
3 he has done an outstanding job in selecting board members. He
4 selects board members who live or die on how well 911 operates.
5 They have got to be active. They have got to take a part and be a
part
6 of the board. I'd like to commend him. He is very selective when
he
7 forms the board members to make sure it's someone who
8 understands working together, the City and County, in making 911
9 operations a success.

10 Myself, I worked for BellSouth most of my
11 working life. I had an opportunity to serve in the General
Assembly for
12 eight years, from 1994 to 2002. I was cosponsor on the bill that
set
13 this board in place, set up the state 911 board. And also we
passed
14 the surcharge on the cell phones at the same time.

15 I'd like to say to you, you know, I've monitored
16 across the state what happens on 911 centers. And I want to
17 comment on this, that you-all do an outstanding job in seeing --
18 working out problems. And I know the small rural counties across
the
19 state today would not have a center, would not have a 911 system if
it
20 had not been for the state board. And I appreciate you, I really
do.

21 But going back to why we're here before the
22 board. As you can see, we are a very, very conservative board. If
you

23 look at us starting in January 1990, starting out at 43 cents on a
24 residence, \$1.33 on business, and we continued that for five years
25 without any increase. February 1995, we went to 56 cents and \$1.70

1 for business. Again, being very conservative.

2 And when the State made their cut in 2003, they
3 cut nine percent to the local governments because of budget --
their
4 problems here at the state level. That cut was passed to us. We
lost
5 about \$37,000 from that cut. They passed a nine percent cut on
6 down -- they cut every department and they cut us with it.

7 So at that time we moved from 65 cents
8 residence and \$2 business. And we're here today, Mr. Chairman, to
9 say that we want to continue to operate in a very conservative
mode.

10 We have proposed this increase in two phases because we feel like
11 that will fund us in a proper way and feel like, again, when we
made
12 this interlocal agreement and went before the governing bodies,
the

13 County Commission and the City Council with the proposal that's
14 laying before you today, we told them that would be what we would
15 come to the state board asking for. So we kind of put ourself on
the
16 line saying this is what we're going to ask for. We hope this will
do the
17 job. And both the City and County, again, fully agreed upon that.

18 So that's kind of where we are. We're here to
19 answer any questions you might have, Mr. Chairman. And I'll just
yield
20 to the director here if you have any budget questions or whatever.
Any

21 of these members will be glad to address any questions you might
22 have to anything. So with that, thank you, members of the board.

23 CHAIR PORTER: Questions from the board
24 members for the District?
25 One I had, the way I understand the

1 agreements between the City and the County and the 911 board is the
2 City and County would keep its funding at 328,000, I believe it is,
and
3 that you-all have already agreed to keep that funding level and not
4 reduce your funding all the way to about 2009. Is that the
agreement,
5 the way I've stated it?

6 MR. FORD: I believe the agreement,
7 Mr. Chairman, is a one-year agreement, and it's automatically
8 renewable. If nobody says nothing, it automatically renews itself.
But
9 if the County or the City were to come forward 30 days prior to and
say
10 we no longer agree with this, then I guess that would put another
11 wrinkle in it.

12 But we assume, and looking on years past, I
13 believe there will be no problem.

14 MEMBER BILBREY: Can I go a little bit further
15 with that. Much has been said about replacing the funds, you know,
in
16 some of these other situations here. But from what I understand we
17 have here, that nine percent reduction you're talking about -- and
I just
18 want to make the statement in order to be clear -- that took place
as of
19 the end of the fiscal 2004, June 30th, 2004, that had already been
20 established. So what we're considering here, what we're doing here
is
21 not replacing anything at this point, it's an established function?

22 MR. FORD: That is exactly right.

23 MEMBER BILBREY: Okay, we want to make
24 that clear.
25 CHAIR PORTER: Other questions of the

1 District?

2 MEMBER BEEHAN: How long has this
3 intergovernmental agreement been in effect?

4 MR. FORD: Well, on the front end when we
5 went into operation, again, that was 1988, we started at that time.
6 We answered the first call January 1990. But since that day four
7 dispatchers' salaries from the County and four from the City has
been
8 there each and every year so far.

9 MEMBER BEEHAN: You've got a great history
10 of cooperation?

11 MR. FORD: That's exactly right.

12 CHAIR PORTER: Other questions of the --

13 MEMBER MOODY: Yeah. Mr. Ford, are you
14 saying the agreement that we have is essentially the same one that
15 was in existence prior to this one?

16 MR. FORD: This one that we got in had today
17 in the packet is an agreement that can be terminated, you know,
with
18 30 days notice.

19 MEMBER MOODY: Right.

20 MR. FORD: But it's only for one year.

21 MEMBER MOODY: But it has been -- the same
22 agreement has been in effect for a number of years?

23 MR. FORD: It's been in effect from day one.

24 CHAIR PORTER: Any other questions of
25 District? If not we'll go into our deliberations.

1 Thank you, Mr. Ford.

2 MR. FORD: Thank you-all. I appreciate it.

3 CHAIR PORTER: You-all hang on to Jimmy
4 there, he's a great director and he's done a great job up there.

5 Okay, the board will go into its deliberations
6 now. The floor is open for discussion or a motion or whatever you
7 want to do.

8 MEMBER BEEHAN: I would like to make a
9 motion that we approve the proposal as presented by the applicants.

10 CHAIR PORTER: Do I have a second?

11 MEMBER BILBREY: Second.

12 CHAIR PORTER: Discussion?

13 MR. HAYNES: Mr. Chairman?

14 CHAIR PORTER: Yes, sir.

15 MR. HAYNES: Staff would just like to point out
16 that the most recent rate increases that the board has approved,
that
17 they have been sunset with the July 1, 2006 time line that would
also
18 allow the board to have the pending outcomes of the TACIR study and
19 results of legislation and give the board the maximum benefit of
the
20 information available to decide what to do in future years.

21 So as a matter of fairness and equity the staff
22 would want you to consider whether to adopt a proposal as submitted
23 as you have just properly moved and seconded with the board, move
24 that time line in line with the most recent of your districts --
your

few 25 decision with other districts that have come before you in the past

1 months.

2 CHAIR PORTER: Would you like to --

3 MEMBER BEEHAN: What I would like to do

4 is -- help me understand something. What happens if we take the

5 motion as it is and adopt it?

6 MR. HAYNES: If the motion is taken as it is,

7 they proposed a two phase period, that second phase beginning

8 July 2006 and the higher rate -- although it's not the State's
maximum

9 by law -- would kick into effect on that date. Where other
districts that

10 are currently receiving a rate increase, and I think all of them
are at

11 the maximum State rate except for maybe Maury County, those will

12 sunset, technically, July 1, 2006 and they revert back to the 65
cents

13 and \$2 unless the law changes or something comes in place to

14 change that rate.

15 CHAIR PORTER: With your motion now, Tom,

16 there wouldn't be any sunset and they would never come back up for

17 review.

18 MR. HAYNES: Well, it's more so that probably

19 the past five or six rate -- the last four or five rate cases that
the board

20 has approved, they were all sunset July 1, 2006 pending the
outcome

21 of the TACIR study and any resulting legislation that could affect
911

22 in Tennessee. And the board just didn't want to tie the hands of
the

23 State or the District to a particular -- to a previous rate, given
that

24 there's going to be a look at changing how 911 is funded by the
state.

25 So I guess I'm saying out of a matter of
fairness

1 of all of those other districts who have come before you, you might
2 want to consider sun-setting it just like those and deciding what
rate 3 you want to go with.

4 MEMBER BILBREY: Again, can we sunset or
5 can we make it subject to the TACIR study? It needs to be reviewed
I 6 think.

7 MR. HAYNES: I just want to note that staff has
8 no opposition. We don't offer a position on these rate increases
9 anyway. It's just I'm trying to bring up this matter in fairness
and equity 10 of the other districts.

11 MEMBER BEEHAN: I like the fact that they
12 have worked this out on their own. They come in here with
something 13 that's worked for long time. I like the local cooperation. That's
why 14 I'd like to see if there's a way to do -- instead of sun-setting
it. I 15 understand what you're saying, too, Charles.

16 MEMBER MOODY: You know, I think the
17 district is to be commended for the fact that they didn't go ahead
and 18 say at the outset, go to the top amount and that they didn't go
ahead 19 and say begin at the top amounts and they've been willing to phase
it 20 in. Because they recognize that by doing that that will meet their
21 needs. And in view of that attitude and careful consideration I
don't

22 think we ought to penalize them.

23 But I'm wondering, could we do this with this

24 motion, could we approve their request with the contingency being
that

25 the second phase will go into effect unless there's a conflict with
the

1 TACIR study, unless there is a conflict with any of the findings of
the
2 TACIR study? And then, in essence, you're doing -- you're being
fair
3 with this district in relation to all of the other districts.

4 CHAIR PORTER: You can do that. The only
5 thing I would caution the board about is that you're not setting
any
6 sunset date in the future. If that's what you want to do. We've
just got
7 to remember that we've never done that before, every other district
8 rate increase request has sunset at some point in time in the
future,
9 whether that be two, three, four, whatever you want to set, that it
be
10 reviewed. If you don't want to do that just remember other
districts
11 that are coming forward --

12 MEMBER BEEHAN: Let me ask you this, did
13 the other ones come in and we changed it or did they come in with
the
14 sunset in their application?

15 CHAIR PORTER: No, we set the sunset.

16 MEMBER MOODY: I agree. I think we need to
17 put a sunset and that simply is to review what's going on. It
needs to
18 be reviewed.

19 MEMBER BILBREY: It needs to be reviewed
20 somehow.

21 CHAIR PORTER: Every so often. And I don't

at 22 know what the -- I'm not saying that two years is the maximum, but
23 some point in time I think every one of them needs to be reviewed.
the 24 You never know, it could change in the county and all of a sudden
to 25 City and County ar not working together and we would have reviews

1 look at that.

2 MEMBER LOWERY: 7/1 of 2006, would be an
3 appropriate number to put in there for sunset?

4 CHAIR PORTER: You put June 30th, 2006 on
5 all the rest of them.

6 MEMBER BEEHAN: Is it appropriate to ask the
7 applicant their opinion of this? They've worked hard at this
8 agreement, were they aware that that's what we were doing?

9 CHAIR PORTER: They should have been
10 because that's what has been done with every other rate increase,
the
11 26 or seven or eight we've done so far, every one of them has been
12 done the same way, with a sunset.

13 As Anthony was saying, because of the TACIR
14 study, the last five or six, we've did those at June 30, 2006.
Which

15 there's nothing to say if you do that when we come up for the
review if

16 everything is as good as it is now just continue it on and set a
future

17 date out from that, another two, three, fours years, whatever you
want

18 to set it. It just gives us the option -- it puts it on our
calendar to bring

19 it back up to make sure everything is still going well.

20 And that TACIR -- the TACIR study could
21 change the way 911 is funded. We may have to go back and change
22 all of them.

23 MR. HAYNES: And that was the whole

24 purpose.

25 CHAIR PORTER: Whatever the will of the

with 1 board is. I just hope we can stay consistent with what we're doing
2 all the districts.

3 MS. QUESTELL: I think that it's important to be
4 consistent and to treat every district pretty much the same as far
as 5 the sunset issue goes. Ever since the TACIR study was proposed
6 we've been very, very specific about when the sunset would be and
7 that would be on June 30, 2006. Because, as Randy said, the TACIR
8 study, when it's through, could change the whole way that districts
are 9 funded. And you-all have been very consistent with that and it
would 10 be important for you to put on the record a reason for your
diversion 11 from your former policy.

12 And I think that Mr. Beehan has stated a
13 reason, that this has been a very complete two tier request. But
you 14 divert from your policy at your own risk because other districts
seeking 15 a rate height will expect the same kind of treatment and
consideration

16 too. Right now you have an across-the-board policy that you've
17 remained totally consistent with and if you divert you leave
yourself 18 open to having to divert again and not holding to your principal.
But 19 you certainly are within your rights to do that if you so chose.

20 CHAIR PORTER: What's the will of the Board?

21 MEMBER BILBREY: The motion could be

22 amended by someone?

23 MEMBER BEEHAN: One other thing, we have

24 not included the technical consultant, and that needs to be part of
it

25 also.

1 MEMBER BILBREY: Lynn, can you do that,
2 make sure everything is covered?

3 MS. QUESTELL: I'm just throwing this out for
4 you-all, okay? But you could possibly make a motion to approve the
5 rate increase as requested up to the June 30th, 2006 date at which
6 time Hamblen County is certainly welcome to come back and request
7 its additional increase. And the motion to approve would be
8 contingent upon the TACIR study and not having anything in there
that
9 requires changing. And it would be it be contingent upon a site
visit by
10 our technical consultant.

11 MEMBER MOODY: Can I ask one question on
12 that? Then if that's true, and let's say the TACIR study comes out
and
13 we don't have any differences in terms of funding policies and so
forth,
14 then are you saying that in order for Hamblen County to be able to
15 implement the second phase of their request they would have to go
16 back through a public hearing and a vote of their board and these
17 kinds of things, and then do another application and go through
this
18 whole process again?

19 CHAIR PORTER: The way I understand it is
20 that they would just apply back to the state board that our rate
has
21 come up for sunset and we ask for it to be extended for another
three,
22 four, or five years, whatever the board wants to do. Am I right,
Lynn,

23 or not?

24 MS. QUESTELL: I think they would have to

25 follow Policy No. 14, that's what everyone else has to do. Because

1 this isn't even just an extension it's a request for increase.

2 But if you-all wanted to make a special
3 exception because this in an exceptional request because we have
4 not done very many two tier requests.

5 MEMBER MOODY: I don't know if we had any.

6 ME. QUESTELL: You-all could certainly do
7 that. I would say that I think before you raise it you should
review it. If

8 you want to streamline a policy to do that, that's fine, but who
knows

9 what could happen in that amount of time. And you've always
10 reviewed requests for increases. And we're getting pretty far out
there

11 that it would be my personal recommendation that you don't just
make
12 that automatic.

13 But that's just my opinion. The board should do
14 as it sees fit. It should be -- you've never done that before.

15 CHAIR PORTER: Well, on a sunset they don't
16 have to go back through public hearings and everything, that's just
an

17 extension for us to decide -- since it's not an initial request,
it's just an
18 extension of that same request.

19 MS. QUESTELL: Let me look up the policy real
20 quick.

21 MEMBER MOODY: They would have to go
22 back through it since it's an increase, it seems to me like, unless
we
23 deal with that today.

24 CHAIR PORTER: I think our states each --

25 both authorities have to do a resolution for a sunset. But let's
make

1 sure.

2 MS. QUESTELL: To request an extension,
3 which this technically is not, it would be an increase, but to
request an
4 extension the ECD would have to adopt a resolution to request you
to
5 raise its rates. And the resolution would contain the proposed
rates,
6 revenues, desire to set the date, justification. You would not
have to
7 do the notice part to have a rate extension. You would not have to
8 notify the county executive or any of that. You just have to pass
a
9 resolution, complete an application. We would review the
application
10 and then the board would consider the findings of staff and
deliberate.

11 CHAIR PORTER: We're actually approving the
12 rate increase today, what we're asking them to do in two years is
to go
13 back if there's to be an extension to that to continue the rate
increase.

14 MEMBER BEEHAN: I think we're working to be
15 consistent yet give recognition to the work they have done. They
16 could have come in here and asked for the whole shooting match.
But
17 what they're doing is, they sat down inside their community and
figured
18 out we're not going to come back and -- here's our first tier,
here's our
19 first segment, here's our next segment. And it's working against
our
20 own policy.

21 MS. QUESTELL: You could look at it like
22 you're approving the entire request for rate increase on a two tier
level,
23 so the whole thing was collected.
24 MEMBER BEEHAN: That's really what we're
25 doing.

1 MS. QUESTELL: But then we could set a
2 sunset date, we could just have a review period on June 30th --
3 starting June 30th, 2006 to review it without requiring them to go
4 through the entire application process. But we should review it.
We
5 should have them come before us. There should be a site visit.
But
6 they will have already -- and I think they need to do the
application
7 process, actually. But it would be just for an extension because
you
8 already approved the full rate increase.
9 Does that make sense?
10 CHAIR PORTER: That's what I was trying to
11 get across.
12 MEMBER BEEHAN: I would accept that as an
13 amendment -- as the motion.
14 CHAIR PORTER: Mr. Bilbrey, you seconded
15 that, are you okay with that?
16 MEMBER BILBREY: That's fine.
17 CHAIR PORTER: And then you're also adding
18 the part about the site visit, we haven't done one yet.
19 MEMBER BEEHAN: Yes.
20 CHAIR PORTER: Any other discussion?
21 Lynn, help me here, let's make sure we got this
22 motion right. We approve the request from Hamblen County for the
23 two-step rate increase request and that it be set for review
24 June 30, 2004 (sic) and that we continue upon a site visit by our
new

25 technical consultant and that our executive director being
satisfied with

1 that site visit. If he's not, then he could bring it back to the
board.

2 MEMBER RICH: 2006.

3 CHAIR PORTER: What did I say?

4 MEMBER RICH: Four.

5 CHAIR PORTER: I'm sorry. 2006.

6 June 30th, 2006.

7 MS. QUESTELL: And contingent that the law

8 remains the same subject to the TACIR study.

9 CHAIR PORTER: Does everybody understand
10 the motion?

11 Any other discussion?

12 Hearing none, all in favor say "aye."

13 THE BOARD: Aye.

14 CHAIR PORTER: All opposed like sign?

15 Motion carries.

16 MR. HAYNES: Mr. Chairman?

17 CHAIR PORTER: Yes.

18 MR. HAYNES: Could just ask for support from
19 the board that I'd like for you to pass a motion directing staff to
go

20 back and look at the most recent rate cases to ensure equity and
21 fairness across the board? That we will go back and look at their
22 record on what was passed, how it was passed, and if we come to the
23 conclusion that such a situation it needs to be altered to the last
five or

24 six, ever how many it is, ECDs that just got a rate case, just had
a

25 door shut on 2006, that they be offered the same opportunity to
pursue

1 the same interlocal agreements and whatnot that you're commending
2 this district for to grant a rate increase. That they have the
opportunity
3 to do that as well and have their potential extensions be
considered
4 under the same terms and conditions.

5 I just want to make sure -- start with White
6 County and the last one, all the way back, that everyone has had an
7 equal opportunity to do this the same way and that one hasn't been
8 treated any differently. That's the only reason I ask for your
support on
9 that.

10 MEMBER BEEHAN: Did anybody ever come in
11 with a similar proposal?

12 MR. HAYNES: They have not. But that type of
13 proposal had never been made before. What they usually assume,
14 they didn't know that was an option. And we may go back and do an
15 extensive staff review and find out only three of the five come
close to
16 warranting something like that. I just -- I think it's imperative
-- and I'll
17 always feel this way as your staff director -- that as much as
practically
18 can be done that we treat every one of these rate cases the same
and
19 not ever begin to cross over to being accused of treating someone
in
20 an arbitrary and capricious way where he got preferential treatment
21 and I didn't. I want to shut that door right up front. But I also
to want
22 to make sure that everyone is treated fairly.

23 CHAIR PORTER: With the way we set all of
24 those and the way we sunset, do we need to do -- should we do any
25 other kind of motion since we --

1 MEMBER BILBREY: That was our intent, is not
2 to do this one any differently. And if we are, we need to define
where
3 that difference is and go back and look at it.

4 MEMBER MOODY: The only difference that I
5 can see in this one is the fact that they requested a two-level
rate
6 increase. And that's the only difference. And we haven't had
that, to
7 my knowledge. As well as I recall, we haven't had that from any
other
8 district.

9 MR. HAYNES: I just want to be sure of that.
10 And unless I hear opposition from the board the staff will work to
11 ensure that is the case. And we'll note any discrepancy in any
way.
12 MEMBER BEEHAN: That's good business

13 practice.

14 MEMBER BILBREY: But what I understand
15 here, they are being sunset just like anybody else.

16 CHAIR PORTER: All of them have been.

17 MEMBER BILBREY: Them too.

18 CHAIR PORTER: Right. With this, yes, you
19 sunset them June 30th, 2006.

20 MEMBER BILBREY: And everything is stopped
21 at that point, there's nothing here that says they will continue on
until
22 after we review it.

23 CHAIR PORTER: We have to make that

24 decision --

25 MEMBER BILBREY: We make that decision.

1 CHAIR PORTER: -- and decide.

2 MEMBER BILBREY: Exactly. That's the way it
3 will be understood. They are being sunset. We are approving the
4 entire thing at this point.

5 CHAIR PORTER: As is every other district that
6 we've done so far.

7 We are approving both phases and we will
8 review it June 30th, 2004 (sic). If the review passes they can go
with
9 this just like --

10 MEMBER BILBREY: They'll just continue on.
11 And if anybody else had asked the same thing, a two tier level,
we'd
12 be in the same situation. Instead of going on with, you know, a
dollar
13 increase, there's ones that have been approved to go to, say, a
dollar
14 and a half. I don't see that there is that much difference.

15 CHAIR PORTER: I don't either. But if we need
16 to address it --

17 MEMBER BEEHAN: It's more of good business
18 practice. I don't think we need to pass a motion. Just go look at
it and
19 see if your executive director finds anything.

20 CHAIR PORTER: Okay. Folks, you've got a
21 decision to make. It's ten minutes to 12, we still have two more
rate
22 increase requests and to hear a the report from the Dispatcher
23 Training Committee. I would guess we've got at least another hour

24 and a half at a minimum. Do you-all want to break for lunch?

25 (Discussion among board members.)

1 CHAIR PORTER: We'll have a 30-minute
2 break for lunch then.

3 (Break in the proceedings.)

4 CHAIR PORTER: We'll come back to
5 order. And the next item on the agenda is the rate increase
request
6 for Houston County.

7 Do the Houston County folks want to
8 come on up? Have a seat there at the table if you want to.

9 Would you introduce yourself for the
10 record?

11 MR. HATAWAY: My name is
12 Clay Hataway. I'm the chair of the Houston County Emergency
13 Communications District. And my treasury, Yvette Gillespie, that's
the
14 only people we brought.

15 CHAIR PORTER: Okay, Don.

16 MR. JOHNSON: Okay. I've been pretty much
17 dealing with the treasurer, Ms. Gillespie. The former director,
she
18 resigned in August.

19 The population as of the 2000 census is 8,088.
20 They have a state ranking of 87th in the state. They are a Level V
21 district. And they are coming here today to request a rate
increase
22 from 65 cents for residential to \$1.50, and in business from \$2 to
\$3.

23 The purpose for the rate increase is to -- as
far

24 as the capital funding for the necessary needs on the day-to-day
25 operations. They had a public meeting April 29th, 2004. They
didn't

1 have anybody to object to it.

2 With their rate increase request they are
3 estimated to have an additional revenue of \$46,700 a year. Like I
4 said, they want to get -- use it for capital equipment, also backup
5 dispatching console as far as CAD systems, software upgrades,
6 weather system, GPS system, and an additional repeater.

7 They also figure with that additional revenue
8 that in purchasing that equipment they would have a five-year lease
of
9 \$150,000 -- total cost of \$150,000. And they don't have any plans
to
10 decrease the rate increase.

11 They don't really have any employees. The
12 employees that they do have is an accounting employee. And also,
13 like I said, they want the rate increase to upgrade the equipment.

14 Currently their outstanding debt, really this
15 month they're finishing up their lease on their Zetron Telephone
16 system. It will be as of September 24th, 2004. So after that they
won't
17 have any outstanding debt.

18 They have two 911 trunks, two administrative
19 lines. And number 20 gives you their written five-year plan, how
they
20 plan to use the additional increase and when they plan to purchase
21 the equipment.

22 In 2004-2005 they want to purchase a new CAD
23 system and also a backup dispatch console. In 2006 they look to
24 continue to add another CAD license system to their backup console

25 and additional repeater equipment to the east end of the county.

1 Also, currently, they have residential lines at
2 3,935 and business lines at 709. Which gives you a total line
count of
3 4,644.

4 On page 8 Table 4 gives you a comparative of
5 revenues and expenses through fiscal years 1999-2003. Like I said
6 before on the other rate increases, they were based on the
auditor's
7 report, independent auditor's report issued every year. As you can
8 see, on fiscal year 2003 they had a net loss of \$46,900.

9 As far as their -- in the last five audits, as
far as
10 their findings, audit findings, they've had a few repeat findings.
One of
11 them is the inadequate separation of duties, pretty much is based
12 because they are such a small district that they have one person
doing
13 everything. They've also had dealing with the uniform chart of
14 accounts.

15 As far as my analysis -- well, the ECB staff
16 analysis for Houston County, on Table 6, the effective date is
17 November 2004. And I would have them with a change of net assets,
18 negative, 4,131 in fiscal year 2005. And as it continues, a change
in
19 net assets with the rate increase would be 7,084 for fiscal year
2006.
20 And the projected continue through 2009 at 5,834. The ending net
21 assets is projected to be fiscal year 2009 at 206,299. The ending
22 cash during that same fiscal year, 2009, is 245,363.

23 And they do not have any interlocal

24 agreements.

25 CHAIR PORTER: Any questions of Don?

1 Thank you, Don.

2 Mr. Hataway, any statements you want to
3 make?

4 MR. HATAWAY: Mr. Chair, and Board, we'd
5 like to thank you for entertaining our request. We're a small
county.
6 I'm an outsider. I came to Houston County in '95. They put me on
the
7 board in '96. We started with nothing. We took our dispatcher out
of
8 the Houston County Sheriff's Department. We separated them, put
9 them as an entity of themselves. We built a building, put the
10 equipment in, and a year and half later lightening struck and took
it all
11 out.

12 So we bought new equipment. And we're
13 dealing with one console and four dispatchers and a part-time
14 dispatcher. It works. It works effectively for what we have.

15 But just the other day our console went down for
16 a couple of hours before we could get maintenance out there and we
17 didn't have any dispatching.

18 Our community is very set in their ways. 65
19 cents is a lot of money for them. I've had phone calls from ladies
that
20 said they can't afford 65 cents, nevertheless the increase, but
they call
21 me long distance to tell me. We're here for the safety of the
Houston
22 County residents. The only way we can grow is to get a little bit
more

23 money. We're just down to basically bone bottom trying to keep 30
to

24 \$40,000 in the bank account for emergencies.

25 Basically, all I can say is, we tried our best
to

1 keep it this way and I don't think we can operate in any way except
2 increasing the surcharge.

3 CHAIR PORTER: Mr. Hataway, let's make sure

4 we've got it right. As it is right now, basically, the 911
district doesn't

5 pay for anything other than your equipment, the County is funding
the
6 dispatcher salaries?

7 MR. HATAWAY: Yes, sir, that's correct. The
8 County wasn't sure about the ECD, so they formulated getting to do
it,

9 and they kept the dispatchers under their wing. For what we make
on
10 our surcharge for our service there's no way we could pay the
salaries.

11 So we kept them under the County auspices.

12 The County built the building, but it needs to
be

13 expanded and air conditioning and all that. We need to go in and
do

14 that. We've done everything possible. But we do not hire anybody
to

15 be a consultant. We pay an extra amount of money to have what I
call

16 the interim 911 district director who is supposed to pick up our
mail

17 and help us -- tell us what the state board is requiring and stuff
like

18 that. We lost that person. So we're trying to find somebody else
that

19 will take that responsibility.

20 CHAIR PORTER: I don't see how you-all made

21 it this far with the small amount of money you have.

22 Questions from the board members?

23 MEMBER BILBREY: Since 1999 you've had

24 this inadequate separation of duties until 2003. Have you tried to
do

25 anything about this? You're the treasurer; right?

1 MS. GILLESPIE: Yes, sir.

2 MEMBER BILBREY: You collect the funds,

3 deposit the funds. You're one of two people. Who is the other
person

4 that's a signatory authority?

5 MS. GILLESPIE: That would be the 911

6 director.

7 MEMBER BILBREY: And she's gone?

8 MS. GILLESPIE: She's gone.

9 MEMBER BILBREY: Are you the only one that

10 signs checks now?

11 MS. GILLESPIE: No. Mr. Hataway and I sign.

12 MEMBER BILBREY: Okay. All right. You

13 record the transactions to the accounting program, you reconcile
the

14 bank accounts and prepare the monthly financial reports. How do
you

15 propose to solve this inadequate separation, what can you do? We

16 need something done.

17 MS. GILLESPIE: When the next 911 director

18 comes on board that will be part of their duties and that will be

19 explained to them and they will be trained up front. And we won't
have

20 to try to go in and do that after they've been hired.

21 We've been working with the county executive, I

22 have worked with him to put a list of job duties forth for this new

23 position since it's technically going to be hired by the County.

24 Although we do pay them a consulting fee, they pay the individual
their

25 salaries. So we will be -- we are working closely together to try
to find

1 the right person who can accept these duties and perform at a level
2 that is adequate for the 911 director and their duties. And which
would
3 take a lot of these responsibilities off so that I don't -- I hope
to review
4 a treasurer's report.

5 MEMBER BILBREY: Okay. You don't want to
6 turn everything over to that person. You're going work with the
auditor
7 so that you find a logical separation of duties; right?

8 MS. GILLESPIE: Yes.

9 MEMBER BILBREY: I hope.

10 MS. GILLESPIE: Yes.

11 MR. HATAWAY: Yes, sir. I think a point of the
12 earlier write-ups of the segregation of duties was since I was the
13 secretary and chairman. And I can't get anybody to do these
14 functions. As a matter of fact, it's hard to get somebody to get
on the
15 board and sit.

16 Our public safety people are our board
17 members. And if you ask the sheriff to be the secretary he bows
out.

18 If you ask the chief of police to be the treasurer, he bows out.
So
19 there's very little that I can do when everybody bows out on the
20 separation of duties.

21 MEMBER BILBREY: But it sounds like you
22 have got the right idea, though, with a new person coming in, if
you
23 hire the right person and work with the auditors to get the proper

24 separation -- don't put the responsibilities on each one where
there
25 won't be a proper separation.

1 MR. HATAWAY: Yes, sir.

2 MEMBER LOWERY: Would this person be
3 working for you-all or the County?

4 MS. GILLESPIE: We supplement their salary.
5 Their primary salary is paid through the County. They contract
with
6 the County.

7 MEMBER PURKEY: There won't be a full-time
8 director; right?

9 MS. GILLESPIE: No, sir.

10 CHAIR PORTER: Other questions?

11 Folks, thank you. Appreciate it.

12 The board will now go into its deliberations and
13 the floor is open for discussion or motion.

14 MEMBER BEEHAN: I make a motion that we
15 adopt the rate increase as proposed by the county --

16 MEMBER MOODY: With the sunset.

17 MEMBER BEEHAN: -- with the sunset and also
18 the technical site visit.

19 CHAIR PORTER: I have a motion. Do I have a
20 second?

21 MEMBER MOODY: Second.

22 CHAIR PORTER: Motion by Mr. Beehan and a
23 second by Ms. Moody to approve the rate increase request subject to
24 the site visit being approved with a June 30th, 2004 (sic) sunset
25 date --

1 MEMBER MOODY: 2006.

2 CHAIR PORTER: I'm stuck on 2004 for some
3 reason.

4 Any discussion?

5 I honesty don't know how these folks have
6 made it as far as they have.

7 MEMBER LOWERY: Are we helping them
8 any?

9 MR. HAYNES: Yes.

10 CHAIR PORTER: Any discussion?

11 Does everybody understand the motion?

12 All in favor say "aye."

13 THE BOARD: Aye.

14 CHAIR PORTER: All opposed like sign.

15 Motion carries.

16 Thank you, Houston, we appreciate you
17 coming.

18 MR. HAYNES: Mr. Chairman, do I understand
19 the board that with a favorable technical site visit from Kimball
that the
20 staff is authorized to have put the rate with -- the 60-day clock
ticking?

21 That's your intention? I just want to verify that on the record.

22 CHAIR PORTER: Yes.

23 Okay, the next item on the agenda is the rate
24 increase request for hamilton County. If the Hamilton folks would
25 come forward.

1 If you would just state your the name for the
2 record. And if you would introduce these other folks you have with
3 you.

4 MR. CUP: My name is John Cup, I'm from
5 Hamilton County. Next to my right is John Sternum (phonetically),
6 who is the director of the 911 facility. To my left is Ms.
Madison, who
7 is the treasurer. And to my extreme left is Mr. Mike Mahn, who is
our
8 legal counsel.

9 CHAIR PORTER: Thank you.

10 We'll let you have a few minutes in a moment to
11 state your case, but first we'd like to here from Don and get his
12 presentation on your packet here.

13 MR. JOHNSON: Thank you, Mr. Chairman.

14 Hamilton County -- yeah, Hamilton County.
15 Hamilton and Hamblen.

16 CHAIR PORTER: They're too close together,
17 aren't they.

18 MR. JOHNSON: They're coming to you for a
19 rate increase, for an increase in their surcharge. In your packet
you
20 have the director as Lee Watkins, but the current director now is
21 John Sternum.

22 Hamilton County, their certified population in
23 2000 was the 307,896. And apparently ranked fourth in the state as
24 far as their population.

25 Their budget level -- they carry an annual

1 budget as of 2005 was 2,454,142. They are a Level I District and
2 they're here before you to increase their surcharge from 65 cents
3 residential to \$1.50, and \$2.10 business to \$3 business. They want
to
4 ask for that to be effective December 1st, 2004.

5 They had a public hearing on October the 8th,
6 2003. And in that public hearing they had a sign in list for the
meeting.

7 And they didn't have anybody present.

8 Also in that they plan to use the rate increase
to
9 replace obsolete equipment for the eight PSAPs and one backup
10 PSAP. In doing that they want to replace the CAD system and the
11 mapping system which they have an estimated cost of \$3.5 million to
12 \$4 million, in that range.

13 Also they have additional lines so they want to
14 take care of some of those costs and use the rate increase for
15 dispatch personnel, for hardware and software, and for re-
equipment,
16 and for the dispatching training class program, also to fulfill the
17 obligations of the 800 mega hertz system and store their reserves.

18 As far as the pay back period for the equipment
19 and everything, there is no pay back period provided. And also for
20 the -- they already have the backup.

21 As far as -- we have a list of agencies that
they
22 support, that they dispatch for. And their call volume, if you
look at

23 that, 2003, one thing that I noticed that the call volume has
tended to

24 decrease in their 2003 year. I don't know what that entails. I
didn't get

25 a chance to ask that question.

four 1 Also they have -- let's see. The district has
and 2 employees; a secretary, data specialist, and an office coordinator,
3 receptionist, and along with that everything else.

4 If the plan is rejected they plan to pretty much
5 continue the way they possibly can, the best way they can. They
6 wouldn't be able to build their upgrade of their 800 mega hertz
system.

7 As far as their outstanding debts, they pay the
8 City and the County each \$200,000, annually, for the 800 mega hertz
9 system that they've been operating now. And the agreement for City
10 is set to terminate in 2006 and the agreement with the County
11 terminates in the year 2011.

auditor 12 As far as the five-year audit reports, the
13 reported no audit findings in their report.

14 They have twenty-three 911 lines, 911 trunks for
15 the 911 center. They have three each, except for Lookout Mountain
16 with two trunks. And the backup PSAP has ten 911 lines. The
17 administrative lines, they have 46 at the 911 center and the remote
18 PSAP, as you can see, they have two each. And the backup
19 administrative lines is three.

20 As far as their number of telephone lines, 911
21 lines -- well, the telephone lines that they have they receive
revenue

22 off of is the residential, a total of 127,011 lines and the
business lines,

23 they have 44,863. And the total number of lines is 171,874.

1 And in their five-year projection on Table 5, it
2 shows they would like for the rate increase to start December 4th -
3 not December 4th -- December 2004. And with that they project an
4 increase from 2,083,000 without the rate increase, to 3,286,977
with
5 the rate increase, with an average rate increase of 1,636,588 for a
6 five-year period.

7 Table 6, the ECB staff analysis, when plugging
8 in their rate charge they have -- the district will retain a change
of net
9 assets of \$635,654 in fiscal year 2005, and 2006 would be 506,690.
10 And we projected that decrease all the way through fiscal year '09
of
11 2,909. And they will have in that same year of '09 the projected
12 increase of their net assets of 13,537.71. Any cash balance is
13 projected to be 6,885,965.

14 They do have an inter-local agreement with the
15 City of Chattanooga and Hamilton County.

16 That's all I have.

17 CHAIR PORTER: You heard the report from
18 Don. Do you have any questions for Don?

19 MEMBER LOWERY: What about the other
20 cities, don't they serve some other cities?

21 MR. JOHNSON: Other cities. Yeah. Look on
22 page 3.

23 MEMBER LOWERY: They don't have any
24 signed contracts?

1 CHAIR PORTER: Any other questions?

2 Okay. Mr. Cup, are you going to be the
3 spokesperson for the group?

4 MR. CUP: As I said just a moment ago, I am
5 the sheriff for Hamilton County. September 1st I began my eleventh
6 year. And was made chairman of the board this past year. I've
been
7 a police officer since February of 1970.

8 Mr. Mahn has served as our counsel since the
9 beginning of the 911 operation. I have been on that board for the
last
10 ten years.

11 Ms. Madison is the deputy finance officer and
12 city treasurer for the City of Chattanooga. She serves as our
13 treasurer. Prior to working for the City of Chattanooga she spent
14
14 years in county finances which gives her a background of 25 years
in
15 finances.

16 Mr. John Sterum was recently selected as our
17 executive director. John retired from the Chattanooga police
18 department after 26 years of service. Part of that service he had
was
19 working with the 911 center and he brings with his background the
20 knowledge of information.

21 The only county -- 911 district, as you see on
22 your report, has a 20-year history. And I would say the directors
for
23 the City, the County, and the other cities -- it's on page 3 -- has
a very

24 healthy relationship, no major differences other than maybe on
25 technicalities on what piece of equipment versus another piece of

1 equipment as you would expect within the group.

2 In addition to the eight PSAPs, we have one
3 remote PSAP which we believe is in a location that would protect us
4 from any difficulty that we might have with reference to terrorism
acts.

5 Now the center was dedicated about eight years
6 ago. And when it was dedicated it was a state of the art service.
I
7 mean, we had the latest equipment. As you know from your work with
8 this board that equipment can be up to date tomorrow and three
years
9 from now it can be obsolete.

10 That's one of the difficulties we've run into.
The
11 center was recently updated in a number of ways and continues to be
12 upgraded.

13 Now we know it takes a lot of effort to stay
14 current technically. But one of the things we're concerned with is
15 staying current with some of the recent trends. You've seen it in
the
16 information we've given you, the reduction in the number of home
17 telephones, the reduction in the number of business telephones.
And

18 the jury is still out on the wireless, is it going to be able to
make up the
19 difference? Our projections are that it is not going to be able to
do it.

20 Often things are things you don't expect. For
21 example, the upgrade of the 800 mega hertz system, we've had an
22 agreement with the City of Chattanooga, we worked very closely with

23 them and they maintain the radios, change frequencies and do
24 whatever has to be done. And that commitment with 911 now on the
25 upgrade is a five-year commitment.

1 Since 9/11, the anniversary tomorrow, there's
2 been a number of changes that we've had to think about. For
3 example, it may come up later on that we're going to have to move
our
4 911 center. If anything happened to the dam, the Chickamauga Dam,
5 which is right above the center, or any of the chemical plants that
6 surround the place, we've already had to vacate it a couple of
times on
7 account of a chemical leak.

8 So with these we're trying to be pro-active and
9 trying to look ahead. And as I said, our emergency PSAP is in a
good
10 location.

11 What we have before you today is an
12 application for a rate increase which we believe is necessary to
meet
13 the challenges that we're now facing and will face in the future.

14 The history of the Hamilton County 911 board
15 has been a history of putting bricks and mortar where they need to
be
16 to build up the inner structure. We continue to see this as our
17 mission.

18 If there is any way we can assist you in
19 answering questions at this time we have the most competent people
20 that I could bring with me to answer those questions. Thank you
very
21 much.

22 CHAIR PORTER: Questions of the District
23 from the board members?

MEMBER RICH: Mr. Chairman, I have a

25 question for you or maybe for them. On page 18 of your report on

1 revenues, this is the first time I've ever seen wireless revenue
2 fluctuate with or without a rate increase.

3 CHAIR PORTER: If you'll look on Table 6,
4 Don's looks like -- the Hamilton County ECD Financial and Rate
5 Analysis, his stay constant.

6 MEMBER RICH: Okay.

7 CHAIR PORTER: They're saying it fluctuates.

8 MEMBER MOODY: Mr. Chairman, I'm curious
9 about one thing, and that's on page 14. I notice you have a line
item
10 for legal services projected for the current fiscal year of 19,500.
And
11 then under that you have another line item of legal expenses, dash,
12 other. I believe that's -- what is that 80,000 -- 60,000. I'm
curious as
13 to what that is.

14 MR. MAHN: Mr. Chairman, Mike Mahn.

15 That other, we have litigation at this time and
16 we have retained an external law firm to handle that litigation
involving
17 a CAD project. We have also got expenses relating to the technical
18 services, Kimball and Associates actually are working with us on
this.

19 It's court litigation, and it's expected -- we have a trial date
scheduled
20 for August of '05. And that's what those other expenses are.

21 Our counsel expenditures have been static for
22 18 years.

23 MEMBER MOODY: So actually, then, the legal

of 24 expenses-other is the other ongoing litigation and not the retainer
25 your fees?

1 MR. MAHN: Yes, ma'am, that's correct.

2 CHAIR PORTER: Other questions?

3 I've got a couple. How much did your 800 mega
4 hertz system cost initially?

5 MR. CUP: I believe the figures on the initial
800 mega hertz sold for \$7 million.

6 CHAIR PORTER: And then you did an upgrade
7 for another three?

8 MR. CUP: Almost \$4 million. And that is going
9 from analog to digital because Motorola no long serves the analog.

10 CHAIR PORTER: So 11 million is just spent on
11 the mega hertz system?

12 MR. CUP: Yes.

13 CHAIR PORTER: Is the 911 board reimbursing
14 all of that over a period of so many years?

15 MS. MADISON: On the additional purchase the
16 911 board, they pay a percent of it, the big piece that's having
the
17 radios and so forth.

18 CHAIR PORTER: So out of the 7 million that it
19 cost to start with, how much is the board going to reimburse total?

20 MS. MADISON: Actually the board is
21 reimbursing \$6 million to the City and County, that was just the
22 infrastructure, all of the hand-helds that went along with it was
paid by
23 the respective entities. For example, the City had an additional
cost of
24

25 about \$3 million for the handheld radios.

1 CHAIR PORTER: But the initial infrastructure,
2 the 911 board is paying six to \$7 million?

3 MS. MADISON: Yes.

4 CHAIR PORTER: And then out of the cost of
5 the 4 million you upgraded to, how much is the 911 board paying out
6 of that 4 million?

7 MS. MADISON: About 3 million.

8 CHAIR PORTER: So about a total of
9 9 million that the 911 board will pay for the 800 mega hertz.

10 One other thing I had a question on is on
11 page 4. And this is -- I'm not sure if this is your writing or if
this is
12 Don's writing under number 12 where it talks about the district has
13 suffered catastrophic decline in revenues.

14 Is that your writing or hers, Don?

15 MR. JOHNSON: No, that's hers.

16 CHAIR PORTER: I guess my question is, if I
17 look at your revenues, you've had a small decline in your landline,
18 about three or four percent, maybe. But you had a humongous
19 increase from the wireless. And actually your revenues, if you
look at
20 1999, was just shy of \$2.3 million. And in 2003 it was 2.68
million.

21 So, actually, you haven't had a catastrophic
22 decline in revenue, you've actually had a -- basically, a \$350,000
23 increase in revenue over a four-year period; is that right?

24 I thought that might be a misquote or a mis-type
25 or something.

1 MS. MADISON: If you look at the top of the
2 page the landline revenues --

3 CHAIR PORTER: What page?

4 MS. MADISON: Page 5. The same page
5 you're looking at.

6 The telephone charges which are under the
7 landline revenue, they did increase from 1999 to 2000, but you can
8 see a gradual decline in that source of revenue in 2001, two, and
9 three. The wireless revenue, it did go up in 2000 and 2001 and
2002 and 2003. But in 2004 that gradual increase is becoming more
10 gradual. So we project that the shortfall of the landline, it's no
11 longer
12 going to be compensated for by this wireless revenue.

13 CHAIR PORTER: That's your prediction for the
14 future. But to say that you-all had a catastrophic decrease in
revenue
15 in the past wouldn't be correct, would it?

16 MS. MADISON: Not a catastrophic, but in 2002
17 and 2003 there is a decline.

18 CHAIR PORTER: Right. But very small, only --
19 what are we talking about, 50-something thousand dollars --

20 MS. MADISON: Yes.

21 CHAIR PORTER: -- out of 2 point --

22 MS. MADISON: Right. If you'll look at the
23 projections, we do project a small, around two percent reduction in
24 revenues, not a catastrophic.

25 CHAIR PORTER: Not a catastrophic. When I

1 looked at those records that just didn't -- somebody will read
that, and
2 that just didn't -- that just didn't make sense.

3 MS. MADISON: We have some charts that sort
4 of show graphically what happens, if you would like to see them.

5 CHAIR PORTER: I think -- that was my only
6 concern.

7 MS. MADISON: The word catastrophic.

8 CHAIR PORTER: It made it look like you-all
9 were just about to go bankrupt when you were actually sitting there
in
10 about 4.3 million or so. I just didn't want that to be confusing
for
11 anybody that might read that in the future.

12 MR. MAHN: I think that term comes from
13 BellSouth and what their experience is in Hamilton County where
14 they -- the business lines have gone from 50,000 to -- we still
haven't
15 found the bottom, and it's in the low 20s now. And that \$50,000 is
a
16 month loss of revenue from BellSouth.

17 The residential, which we thought was stable,
18 historically, for 20 years had increased to about 130,000
residential,
19 started falling a few years ago. And it's now, for the first time
--
20 actually it's lower than it was 20 years ago. It's below 100,000
and
21 falling about 400 a month.

22 It has been vibrant in Hamilton County, but if

23 you look at the charts -- I think Don was passing those around.
It's so

24 unpredictable that it's -- that you can see the fluctuation in
revenue,

25 that it's very difficult for a fiscal officer to really give a lot
reliability to it,

1 you know, as a foundation to funding.

2 And the board has not felt that -- its focus, I
3 think, in looking at the landline revenue, really, if you peel away
what
4 you're contributing you would see a much more -- I wouldn't
5 necessarily call it catastrophic, but a much more serious erosion
of
6 the landline base in Hamilton County. Wireless sort of a masks
what's
7 going on.

8 CHAIR PORTER: You-all put out your CAD
9 RFP, was that not two years ago? And you still haven't bought it;
is
10 that right?

11 MS. MADISON: We put the RFP out about two
12 years ago. And we have bought it. We did buy one. And we have
13 since selected a second vendor, and we're pretty close to
14 implementation but not quite there yet.

15 MEMBER BILBREY: Could they speak up just
16 a little bit? We're sitting by an air conditioning right here.

17 CHAIR PORTER: Other questions of the board
18 members?

19 MEMBER LOWERY: Under, for instance, this
20 cell phone, is Sealex (phonetically) in that?

21 MS. MADISON: Yes.

22 MEMBER PURKEY: Sheriff, let me ask you
23 this, if I could, if you receive the rate increase and you're going
out into
24 the years, four to five years from now, you show a sizeable cash

25 accumulation. But did I understand you to say awhile ago that the

1 district is going to be looking at moving the center?

2 MR. CUP: There is that possibility because of
3 its location and all my security people are very concerned. And
also,
4 the center is the emergency operations center, what we used to call
5 Civil Defense, they're all in there, and there's some very real
concerns
6 not only about the dam and -- there's no concern with the nuclear
7 plant -- but that particular area is surrounded by chemical plants,
and
8 it really presents a problem being in that area.

9 We have had to evacuate and go to the
10 emergency PSAP on a number of occasions when chemicals were
11 released that should not have been released.

12 MEMBER PURKEY: I was just going to
13 mention, I notice that local government is, what they're
contributing is
14 really on the low side, you know, compared to what we're seeing in
15 other counties and districts. So I would assume that if you had to
16 move your center that you-all would have to pay for that?

17 MR. CUP: What we would like to do, in thinking
18 ahead, trying to plan, the Chattanooga Police Department is right
19 alongside there. They might take that building over and build us a
20 center and exchange that. So that has been mentioned. Rather than
21 selling it to them and then going out, swap building for building.

22 MS. MADISON: May I make a comment?

23 From what I hear here, are these other
24 municipalities, other 911 districts actually contributing towards
the cost

25 of dispatch operations? 100 percent of the dispatch operations is

1 controlled by the Hamilton County -- or by the entity.

2 MEMBER PURKEY: I'm sorry, I didn't hear the
3 last part.

4 MS. MADISON: 100 percent of the dispatching
5 cost is controlled by the entity or municipality.

6 MEMBER PURKEY: The entity. Okay.

7 MS. MADISON: 911 does not contribute to
8 what that operation costs.

9 CHAIR PORTER: In my -- to elaborate on it
10 just little bit. The City of Chattanooga funds its police
dispatchers, its

11 fire dispatchers. And the County funds its sheriff's dispatchers.
And

12 basically the 911 district doesn't have any employees when it comes
13 to dispatching.

14 MS. MADISON: That's correct.

15 MR. CUP: Just the officers.

16 CHAIR PORTER: Your employees are
17 basically made up of the director, assistant director, or whatever
those
18 positions are.

19 MS. MADISON: That's correct.

20 MR. PURKEY: Sheriff, do you hire and fire
21 those county dispatchers?

22 MR. CUP: They are hired through the sheriff's
23 office and tested and hired, and they are terminated when they are
24 terminated by me.

25 MEMBER PURKEY: Same thing with the City?

1 MS. MADISON: That's correct.

2 MEMBER MOODY: What about the call-takers,
3 who pays for them?

4 MS. MADISON: The respective municipality
5 pays for those as well, the call-takers and the dispatchers.

6 MR. MAHN: The reason they've been able to
7 accumulate and focus their cash has been because of an unwritten
8 understanding with all the local governments that 911 money stays
in bricks and mortar and in equipment. And they've not put any into
10 operational costs, historically.

11 And that's why they've been able -- and both
12 governments know that those reserves will be used for appropriate
13 focuses.

14 But that's a very good question. They'd rather
15 focus on life -- like they are.

16 MR. PURKEY: Sheriff, you don't have any
17 concern that at some point, that from the County side that county
18 officials will question the level of those reserves because they
know that you're going to have to be doing something? Is that what I
20 understand you to say?

21 MR. CUP: I don't think they will question it.
22 Because the situation is, in an operation as large as ours when you
do have to make a change you're talking about a lot of money to make
23 the change. And it's not like somebody with two or three computers
or

25 something like that, a small operation.

1 So you have to be prepared, like we did on
2 these major changes. Because somebody said the other day in one of
3 the meetings, do you think we'll have to change equipment out in
ten
4 years? No, I don't, I think we'll have to change it out long
before ten
5 years. And in an operation like this you have to have a tremendous
6 amount of reserves in order to do that.

7 And we have not asked for a rate increase
8 since 1993. So we have been careful as we can with the money.

9 MEMBER BILBREY: What do you think your
10 level of reserves should be? That's the question I'm hearing.

11 MS. MADISON: From an operational
12 perspective, we'd like our reserves to be anywhere from --
operation
13 reserves be anywhere from 12 to 18 months. And that's very
14 conservative.

15 This would represent that much. But not only
16 do -- that's operational. But we are trying to deal with numbers
that
17 work to replace the equipment and still maintain a level of
operational
18 reserves that takes into consideration unforeseen costs in the
19 operations itself. Because it is not uncommon that we would have a
20 150 to \$250,000 expenditure with regard to the CAD system itself.
21 And unforeseen, that would mean we would have to come up with that
22 within a month or two.

23 MR. CUP: And if I may interject. We had no
24 idea a couple of years ago when we got the Motorola system that we

25 would have to put out as much money as we did now to bring it up to

1 digital. When Motorola says we're not going to maintain the other
2 system any longer, then you have to go along with that. Because if
3 you went to another vendor you're back to your original 7 million
again,
4 which that's just not practical.

5 So we've got -- these are things that come up
6 and it just sort of hits you between the eyes when you don't expect
it.

7 CHAIR PORTER: I'm going to go ahead and
8 say this, though. If 911, though, hadn't agreed to pay this 800
mega
9 hertz system and the County and City had to paid for it, you
wouldn't
10 be here today asking for the rate increase. You probably would be
11 sitting on about -- over \$10 million worth of reserves?

12 MR. CUP: That's a five-year commitment and it
13 didn't come out all at one time.

14 CHAIR PORTER: Oh, I understand that. But
15 that's what I was trying to -- your rate increase, basically, all
falls back
16 on the 800 mega hertz system, if you-all hadn't had to upgrade it
or
17 hadn't agreed to pay such a large percentage of it, you could have
18 funded 911 and associated stuff of 911 without having to have a
rate
19 increase; is that right?

20 MS. MADISON: That's probably correct.

21 MR. MAHN: Mr. Chairman, I think there's one
22 other thing. Chattanooga -- nine municipalities in Hamilton
County.

23 Chattanooga was going to move ahead with or without the support of
24 911 in 800 mega hertz. I think they were fairly well far along on
their
25 planning on that in that regard. It was just critically needed for
them,

1 you know, to have that inner-operability.

2 And Hamilton County, the leadership, the
3 sheriff's department, and the EMA leadership realized that the
county
4 needed to come forward too. And I think the 911 board stepped in
to
5 provide the financial inducements to make that happen so that the
6 entire community, the entire district was talking with each other
and
7 moving ahead at the same point.

8 That was probably appropriate. Had they not, I
9 think that you would have found a two-tier operational situation,
you
10 know, where Chattanooga was on 800 and probably the sheriff and
11 other agencies may or may not have been able to participate in that
12 regard.

13 CHAIR PORTER: And I'm not getting down on
14 the 800 mega hertz. I think that a lot of folks are finding, just
like
15 you're finding, there's this black hole and you're ending up
putting
16 millions of dollars into it and it's constantly eating up your
capital.

17 And I'm not against 911 paying for radios. It
18 doesn't do you any good to have a 911 system and not have a good
19 radio system. But I'm not sure I'm for a rate increase to pay for
a
20 800 mega hertz system is where I was coming from. It just seems
21 like -- excuse me -- that money could have been spent better on a -
-
22 you take care of your 911 system first and then if you've got extra

23 money you want to spend on something like that, I don't see a
problem

24 with that.

25 But a personal concern of mine is that you're

you 1 here today, basically, because of that 800 mega hertz, otherwise
2 would have been able to make it without it. That's just a personal
3 opinion of mine.

4 Other questions of the board members?

5 MEMBER BILBREY: Yes. And even
you'll 6 considering that time, 2000 -- I believe it's, what, 2010 or 11
going 7 have it paid off? What are you going to do at that time, are we
8 to revert it back then to our original rate structure or what?
Have you 9 thought that far ahead?

10 MS. MADISON: Well, this rate -- well, we would
11 have to relook at our operational cost at that time.

12 MEMBER BILBREY: So there's no -- you
13 haven't speculated, though, beyond getting this paid off?

14 MS. MADISON: No, sir.

15 MEMBER BILBREY: Because you're going to
16 have a lot of money coming in.

17 MS. MADISON: I guess at that point, assuming
costs, 18 everything else remains the same, there are no other increased
same, 19 there are no other issues out there and everything remains the
20 then at that point that rate would be freed up for something else.
But 21 that assumes there are no other costs and there's no changes in
22 operation.

23 MR. MAHN: There was a -- maybe the sheriff

24 mentioned that a unification initiative was looked at. Because we
25 have an operation -- I think Knox County has a similar -- really we

1 have a co-location of like five agencies. We were glad to have a
2 co-locator, which was an improvement over having eight separate
3 PSAPs originally. The 911 board did a study in '89 and shared it
with
4 all the local leadership to encourage thinking about unification.
That
5 was not possible and we really appreciated a different project
where
6 these structures are in place and it's a separate operation.

7 But the board thought that maybe one way to
8 entice and encourage communication would be improve financial
9 participation like many districts do with the revenue. But given
the
10 priorities of Hamilton County, they did not want to contribute to
the
11 operational fund. But still there was real communication of the
12 leadership of that -- you know, that has to come from the local
13 agencies. The sheriff always has been supportive of it. It's
developing
14 at the time, but it's not arrived.

15 I believe with our first rate increase we
16 potentially agreed. Because it was addressed, unification as one
of
17 our priorities. And we were trying to support financially and our
18 numbers, they just didn't work. We really didn't have any money
left
19 over for the dispatch. So that's not contained within the rate
increase
20 as proposed.

21 CHAIR PORTER: Other questions of the board
22 members?

23 Folks, we appreciate it. Thank you.

24 And we'll go into our deliberations. The floor

is

25 open for discussion or a motion concerning Hamilton County.

1 MEMBER PURKEY: Mr. Chairman, just to get
2 the rate increase on the floor, the county mayor called me this
week
3 and asked me to support it and get it on the floor. I would move
that
4 the rate increase be approved.

5 MEMBER BEEHAN: I will second.

6 CHAIR PORTER: I have a motion and a
7 second that the rate increase be approved. A motion by Mr. Purkey
8 and a second by Mr. Beehan.

9 Any discussion?

10 MEMBER LOWERY: Of course, this thing
11 carries itself on out through our normal sunset time, I believe.

12 CHAIR PORTER: Do you want to make that
13 part of your motion, David?

14 MEMBER PURKEY: Yes.

15 CHAIR PORTER: It will sunset June 30th,
16 2006.

17 Any discussion?

18 MEMBER BILBREY: Depending on which one
19 of these rate analysis we're looking at here, you go back to 2004
20 where they had about 4.3 million in one case and 4.8 in the other.
21 They say in 2004 they had \$4,364,580 total cash. Then you go out
to
22 2009 and it's 6.2. You've got an increase of a million eight
hundred
23 forty-seven thousand and about three hundred sixty thousand a year
24 increase.

their 25

If everything is at an equal keel it looks like

1 rate is a little bit high.

2 CHAIR PORTER: With that increase there,

3 Charles, that net cash is after the increase what they're paying to
the

4 City and County, they're up to \$400,000 paying for the 800 mega
hertz

5 up to just a little bit over a million dollars a year. That's
after that.

6 MEMBER PURKEY: I guess, Mr. Chairman,

7 this would be one that I personally would really look at at sunset
8 because of the cash projections.

9 I mean, that's the only concern that I have.

10 They've not had a rate increase for 11 years. So they have been
11 judicious with that. They have a plan -- what were the payments
for

12 the 800 meg, 2011 or 2012?

13 MEMBER BILBREY: 2010.

14 MEMBER PURKEY: And I know that's what
15 they're after, but even -- Charles made good points. Even with
those

16 payments they have significant cash reserves.

17 I agree with you-all. I think at some point the
18 rates going to be a little high unless there's some other factors
going

19 into it.

20 CHAIR PORTER: And my only thing is with the
21 800 mega hertz system, I'm not against it, but I think a lot of
people

22 have found it's a black hole that just really eats up a lot of
cash. If the

of

23 City and County was paying more of a share of 911, like 20 percent
24 it or something, I wouldn't think much about it. But, you know,
25 basically they're out \$11 million. That's a lot of money.

1 And if they had the extra money, I think that's
2 perfectly fine. I don't have a problem if 911 wants to help the
County
3 and City and put in new radios. I think that's great. I just have
a
4 problem doing a rate increase paying for it. That's my concern.
And I
5 just wanted to state it for the record. I don't vote unless
there's a tie.

6 Anthony has something he wants to add.
7 MR. HAYNES: Mr. Chairman, I'd just like to
8 add, for the record, a public policy question I think this board is
going
9 to have to wrestle with because it's come up five times, with
Bradley,
10 Lawrence, Madison, Sumner, Blount Counties, and that is that we
11 have taken the position at the state board, from what I understand
and
12 I have articulated that, that the 911 fee, regardless of what it
is, it's not
13 meant to be a back door tax or to supplement items that may be
14 should be appropriated through other tax mechanism.

15 With that said, we have received letters from
16 these 911 districts where they were getting pressured to bill
either 800
17 mega hertz, as in one case with Sumner County, but more importantly
18 the other cases, to bill and fund with the 911 fees emergency
19 operation centers where the 911 district, the centralized 911
dispatch
20 may only use anywhere between 10 and 30 percent of the facilities,
21 but they wanted 50 plus percent of the 911 fees to pay for the --
to pay

22 for the unit.

23 Now, just as a student of public policy, I don't

24 see a big difference in saying, okay, 911 -- we're not like
building --

25 and I've been in utility work. We're not like building for
capacity for the

1 telecommunications to sell telephone service or electricity.
Granted

2 911 does use that 800 mega hertz system. But at what percentage?

3 Is it right for the 911 fee to pay 80 percent of the 800 mega hertz
deal

4 when it's used for every other Tom, Dick, and Harry for emergency
5 communication? But then at the same time, Jackson, Tennessee,
6 Mayor Farmer, no, you can't use that 911 fee to build your bunker.

7 And I serve at the will of the board. But I
think

8 there's a policy question here we need to look at that's broader
than

9 should the 911 fee fund 800 mega hertz. It's a matter of
percentage

10 use and do you want to go down that direction.

11 And I only raise this because if you-all do this

12 today, I feel like I've got to have a special meeting with the
board to go

13 back and possibly change my answer to five 911 districts and five
14 mayors across this state. Because they wanted to deal with
15 emergency operations centers and use more of the 911 fee money to
16 pay for it than 911 was actually going to get out of it and use.

17 So I'll go either way. This board is the
18 governing body. I feel like staff's got themselves in a position
here

19 that they could be perceiving and articulating what your policy is
or

20 trying to interpret what your policies are.

21 MEMBER BILBREY: Let me ask a basic
22 question --

23 CHAIR PORTER: I had Tom. Go ahead, Tom.

24 MEMBER BEEHAN: Based on Anthony's

25 comments, would it be appropriate to table this to the next meeting

1 and ask for some research on this on the policy side and bring the
rate
2 increase back? I think there's some issues raised here that
probably
3 need to be addressed.

4 I'm sitting here listening, and I'd like to have
a
5 little bit more backup before I would vote on it, either for or
against or
6 whatever.

7 MEMBER MOODY: I would agree with you,
8 Tom.

9 MR. HAYNES: To me it's just as important to
10 have a secure facility to house the 800 mega hertz system as it is
to
11 have one. And what staff has done in interpreting your revenue
12 standard and has told these mayors -- some of them are friends of
13 mine, like Mayor Farmer -- sorry, Charles, you can't do that.

14 MEMBER MOODY: If you will make that
15 motion --

16 MEMBER BILBREY: Can I --

17 CHAIR PORTER: Let Charles ask his question.

18 MEMBER BILBREY: Where does this 800
19 mega hertz fall under our revenue standards, within our revenue
20 standards? Is it permissible or allowable or what? Even after we
pay
21 for everything else it's allowable or --

22 MR. HAYNES: I don't recall it being conditioned
23 that way. It's more on the lines that if a 911 -- direct dispatch
911 can

24 dispatch directly to that radio, whether it's a portable unit or a
mobile
25 unit, it can be paid for by the 911 fee money.

1 But the issue I raised was, okay, but you're not
2 just going to use that for exclusively dispatching 911, there will
be
3 other emergency communications -- granted, equally important --
that
4 will take place over that radio. So is it -- do you want the 911
fees to
5 pay for more than they use in investing in an 800 mega hertz system
6 jurisdiction? And if so, then let's look at emergency operations
center
7 funding and a number of other areas. Let's just be consistent from
a
8 public policy perspective across the board.

9 MEMBER BILBREY: But I still think that goes
10 back to the revenue standards in the city and so forth. We're
going to
11 have to define that. A 50 percent, you know, 25 percent of the
usage.
12 These things count. We're going to have to have some kind of
13 guidance there. We may need to come up with some sort of prorated
14 deal. I don't know.

15 But I'm uncomfortable, too, with this whole
16 situation.

17 MEMBER PURKEY: Tom, would you consider
18 withdrawing your second?

19 MEMBER BEEHAN: I would.

20 MEMBER PURKEY: And then if there's no
21 second we don't have to do anything.

22 CHAIR PORTER: Either that or you can make
23 a motion to table it until the next meeting.

24 MEMBER BEEHAN: I'll vote to table it.

25 MEMBER PURKEY: I made a commitment to

1 the county mayor to vote for it. And that's important to me.

2 MEMBER BEEHAN: Okay.

3 MEMBER PURKEY: But I understand the
4 concerns. I understand the concerns.

5 I guess I was just looking at it, you know, this
6 would be one, Charles, that we would take a real close look at, at
7 sunset.

8 MEMBER BILBREY: Yes. But again, we've got
9 something initially here that we need to consider.

10 MEMBER BEEHAN: I'm going to withdraw my
11 second.

12 MEMBER MOODY: And I'm going to --

13 CHAIR PORTER: Wait just a minute. If he
14 withdraws his second. Is there the second to David's motion?

15 So your motion dies for the lack of a second.

16 MEMBER MOODY: My motion is in view of all
17 the discussion that has been held today, it appears that there are
18 number of policy issues that need to be looked at from a total
19 perspective of the operations of emergency communications services.

bring 20 And I would like to request that staff review these issues and
21 them back to the board at the next meeting with some policy
22 statement as it relates to all of the various issues.

23 CHAIR PORTER: Do I have second?

24 MEMBER BEEHAN: I'll second that.

25 CHAIR PORTER: Motion by Ms. Moody and a

1 second by Mr. Beehan that staff research these issues and bring
2 back --

3 MS. MOODY: -- a recommendation of policy --

4 CHAIR PORTER: -- at the next board meeting,
5 which will be November 5th.

6 Discussion?

7 Hearing none, all in favor say "aye."

8 THE BOARD: Aye.

9 CHAIR PORTER: All opposed like sign.

10 Motion carries.

11 Do we want the Hamilton County folks to come
12 back to the next meeting?

13 MR. HAYNES: It's a long way from
14 Chattanooga. I think after your deliberations this morning we can
give
15 you a policy recommendation so they wouldn't have to travel that
long
16 distance.

17 CHAIR PORTER: So we'll leave that up to you,
18 if you want to come back to the next meeting. At the next meeting
it
19 will be back on the agenda for us to make a decision. Okay?

20 Okay. The final item on the agenda is the -- to
21 receive a report from the Dispatcher Training Committee.

22 Will all the folks who served on the Dispatcher
23 Committee, would you come forward.

24 Lynn, just for the record would you introduce
25 each one of them that served on the committee.

1 MS. CASEY: I'm Lynn Casey. This is Virginia
2 Stallford (phonetically), she's from Bristol, Tennessee; Ben Walker
3 from Collierville, Tennessee -- can you-all hear me okay?
4 Steve John from Macon County; Melody Land
5 from THP. We're missing one member, Mark Grant, he had some
6 type of catastrophic accident playing sports yesterday and was
unable
7 to be here.
8 CHAIR PORTER: Let me say, and I don't want
9 to steal any of the dispatcher's thunder, but here's the way I'd
like for
10 us to do this if at all possible. First let me give my gratitude
to this
11 committee. I know that you-all have been meeting now for almost a
12 year. You started last October, I believe. Almost a year on
working on
13 these dispatcher guidelines.
14 And I know you-all have spent a lot of hours at
15 different places, at different meetings in putting this together.
And
16 we've got the document and it shows that you spent a lot of time on
it.
17 You've got some good points.
18 One thing that I discussed with Lynn, our
19 general counsel, about how we proceed with this, as we well know,
20 anything from this point forward -- what you have presented to us
are
21 recommendations, and it has to go through the rulemaking process.
22 Once it gets into the rulemaking process, then you have -- you have
a

23 specific date set aside that you have nothing but folks to be able
to

24 come and make public comments and submit, for the record, whether

25 they're for it or against it or different bits and pieces and parts
to this

1 that they might be for or against.

2 My only concern is, I didn't want to get your
3 recommendations and folks to get hung up on it thinking that that
was
4 what was going to be the final documents coming out of this board.
5 Because it could be similar or it could be totally different after
it goes
6 through the rulemaking process. The only thing that I ask today is
7 that, if you would, you present the document to us, everybody has a
8 copy of it. We spend, now, some time with Lynn and with Kimball
and
9 Associates, our technical consultant, reviewing it. They may still
have
10 questions of you to ask you in that interim period there. And that
we
11 not make this document public until we've had a chance to go
through
12 it and come up with what was -- what's been recommended and what
13 we think is going to go.

14 So that's one thing. If we can keep the
15 discussion of the document as minimum as possible today and not
16 cite specific parts of it or anything so that we don't get the 911
17 community stirred up on any one thing until we've had time to put
it in

18 the form that it's going to be in. Everybody then has the
opportunity to

19 review it and put it out as a public document, folks will be able
to come

20 and make comments. As you well know, it's a long drawn out
21 process, the rulemaking hearing part of it is.

22 So with that being said, if you've got some

23 statement that you want to make, we'll be glad to hear them. If
you
24 would, keep it brief and not specifically cite any of the parts of
the
25 document.

1 MS. CASEY: On behalf on our committee, we
2 are very grateful for having the opportunity to work on this
project. I
3 think all of us, and I speak for Mark too, who is not here, are
dedicated
4 to the mission and the end result. We are very willing to continue
5 working, if that's the will of this board, in whatever capacity you
might
6 need us to help them.

7 We have had a lot of discussion. And some of
8 it has been quite heated at times, which has been good. You picked
a
9 very good mix of people to come together and to come to an
10 understanding. And the documents that you have in front of you are
11 recommendations to the general consensus from all of us.

12 If there were points in there that somebody
13 didn't agree with, there was lots of discussion and sometimes a
14 compromise was made that made all of us happy that we felt would be
15 something that would work for any size jurisdiction, any size PSAP,
16 any size dispatch center, however it is.

17 We basically did things in three phases. And I
18 apologize because I don't want to get into the Phase I and Phase II
19 and start talking about wireless and everything. But we kind of
did it in
20 three phases.

21 Phase 1 was basically what I talked to you-all
22 before about research. We felt like you can't really go forward
if you
23 don't know what the minimum standards are across the nation and

that 24 what other states are doing. So we spent quite a bit of time on
25 because we wanted to make sure we had that base there to base our

1 decisions and our recommendations on.

2 From that we started with the meat of the
3 document that you see here, which are the rules and regulations and
4 our recommendations for that. What you'll see in there is some
color
5 coded things. One color -- the red says that we think, you know,
you
6 might need to be looking at this again. The blue says we think you
7 need to look at this, it might mean that there needs to be some
8 change in the law.

9 And we knew by doing that that this document
10 is not how it's going to look, by any means, in the end. We're
very
11 aware of that.

12 Phase 3 was trying to come up with funding
13 options for you so that you've got somewhere to look at. We
basically
14 said these are the types of things that we see that you're going to
--
15 that if this goes through the process and it becomes something
you'll
16 have to deal with on funding issues, there's a funding issue. You
17 know, we saw what we thought were the short term issues and how to
18 get the program off on its feet and things and where that funding
might
19 come from, and then the long term options.

20 And that's pretty much what you'll see in this
21 document. We're all pretty proud of our work. We've had some
22 problems here the last couple of months with logistics. We changed

a

23 the meeting time, it kind of threw everybody off because, you know,

24 lot of busy people.

25 I also forgot got to tell you, Donna Tidwell is

1 another member of our committee. She is in California right now
2 teaching and is very much in demand and brought a lot to the table
for
3 us as far as how rules and regulations are supposed to be done and
4 was a great asset.

5 We're open for any comments or suggestions
6 you might have. Was that enough of a report for you?

7 CHAIR PORTER: You did great, Lynn.

8 MS. CASEY: Was it short and sweet enough?

9 CHAIR PORTER: Tell us what you needed to
10 without getting into the meat of it.

11 I appreciate everything you-all did. And I know
12 a lot of you-all I called and personally asked, but some of you
were
13 nominated by the agency that you supported. We tried to make it a
14 broad picture so that all of the different organizations would be
15 covered. And I appreciate all the work that you-all did. I know
it was
16 difficult.

17 But I'm hoping in the near future that we'll
have
18 some regulations that will make you-all proud of what -- of all the
work
19 that you guys did. And on behalf of the board I want to say thank
you.

20 And Lynn and Anthony will run with the ball
21 now.

22 What we would like to do, if I can get the
23 board's approval on this, is I'd like to make up some plaques for
each

24 one of these individuals to show them how much we appreciate what
25 they did. And that if we direct staff to do that.

1 And that if at all possible, that in one of the
2 future board meetings either November 5th or January, either one we
3 can get going -- I'm sure you-all are going to want to come back to
4 hear what happens on all this anyway. If we could pick a date for
5 you-all to be back here, we'd like to present those to you.

6 MS. MOODY: So moved.

7 MR. BILBREY: Second.

8 CHAIR PORTER: A motion and a second to
9 ask staff to get plaques for each one of the committee members.

Any

10 discussion?

11 Hearing none, all in favor say "aye."

12 THE BOARD: Aye.

13 CHAIR PORTER: All opposed like sign.

14 Motion carries.

15 MS. CASEY: Thank you-all very much.

16 CHAIR PORTER: Thank you. And just be
17 patient with us. It's going to take awhile to get through this.

18 MS. CASEY: I would like to reiterate, again,
19 that we are all very committed and very willing to continue any

work

20 you might have us do.

21 CHAIR PORTER: Thank you. Appreciate it.

22 MS. CASEY: Thank you.

23 CHAIR PORTER: Folks, that was the last item
24 on the agenda. Any other -- the next meeting is November the 5th,
25 9:00 a.m. We will -- that will probably be a half a day.

1 Any other business that needs to come before
2 the board?
3 If nothing else, I'll entertain a motion to
adjourn.

4 MEMBER LOWERY: So moved.

5 CHAIR PORTER: A second?

6 MEMBER RICH: Second.

7 CHAIR PORTER: All in favor say "aye."

8 THE BOARD: Aye.

9 CHAIR PORTER: All opposed?

10 The meeting is adjourned.

11 (End of the proceedings held on
12 September 10, 2004.)

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1 ERRATA PAGE

2 Page/Line Change

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20 I, _____, have read the foregoing

21 transcript and hereby affix my signature that same is true and
correct, except as

22 noted above.

23

24

1 REPORTER'S CERTIFICATE

2

3 STATE OF TENNESSEE)

COUNTY OF SUMNER)

4

5 I, Denise Harwood-Stacy, court reporter and notary
public in

6 and for the state of tennessee at large,

7 DO HEREBY CERTIFY that the foregoing transcript of
the8 proceedings were taken at the time and place set forth in the
caption thereof;9 that the proceedings were stenographically reported by me in
machine10 shorthand; and the foregoing proceedings constitute a true and
correct transcript

11 of said proceedings to the best of my ability.

12 I FURTHER CERTIFY that I am not related to any of the

13 parties named herein, nor their counsel, and have no interest,
financial or

14 otherwise, in the outcome or events of these proceedings.

15 IN WITNESS WHEREOF, I have hereunto affixed my
official

16 signature and seal of office this the 25th day of October, 2004.

17

18

19

Denise Harwood-Stacy, Notary Public

20

State of Tennessee at Large

21

22 My Commission Expires: March 3rd, 2007.

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24

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